

The NATIONAL UNDERWRITER

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N.J. Hearing Aug. 10 On Written Proposals For Replacement Sales

TRENTON—Commissioner Howell has called a public hearing, to be held here at 10 a.m. Aug. 10, regarding the adoption of a proposed regulation designed to curb replacement sales that are not in the buyer's interest.



Charles R. Howell

The regulation would require all companies licensed in New Jersey to issue written instructions to their field forces warning them of safeguards to be used with all promotional material. It would also require each agent making a replacement sale to make a written presentation and keep a copy of it in his file for at least a year and deliver to the insured a prescribed form of notice warning the buyer and outlining the normal disadvantages in replacing.

The first part of the proposed regulation states: "All companies licensed to do business in New Jersey are required to issue written instructions promptly to their agents incorporating basic rules and safeguards which are to be observed in the preparation and

use of cost illustrations, comparisons, advertising and other promotional material. Such written instructions shall require that prospects be furnished with a proper, full and clear presentation of the costs, benefits and other policy provisions. Copies of such instructions must be kept on file at the home office of the company and made

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NW Mutual Life Agents Hold 81st Annual Convention

MILWAUKEE—When a life insurance company that is 103 years old is host to the 81st annual gathering of its agents, one can safely expect that things will be done in a pretty big way.

And that is exactly what happened last week when Northwestern Mutual Life welcomed its four agent associa-



L. J. Evans



D. H. Tompkins

tions to the home office here for a three-day conclave that featured stimulating addresses by a spectrum of top-notch speakers, an extremely generous ladies program and music that varied from the sweet (Gordon MacRae) to the hot (Franz Jackson and his Original Jass All Stars).

Among the diversified speakers were

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INSURERS' SPOKESMAN SAYS:

25 Life Exemption In Welfare Reports Bill Is Too Strict

WASHINGTON—The pending bill that would amend the welfare and pension plans disclosure act, though favored by insurers, would impose a needless hardship by its provision that only those plans with fewer than 25 participants would be exempted from the automatic annual reporting requirement.

Speaking for American Life Convention, Health Insurance Assn. of America and Life Insurance Assn. of America, Vice-president Charles A. Siegfried of Metropolitan Life asked the Senate labor and public welfare subcommittee for an amendment to the bill that would exempt from annual reporting those plans with fewer than 100 employees. The bill has been approved by the House special subcommittee on labor.

Discussing this proposed change in the bill at a hearing of the Senate subcommittee, Mr. Siegfried said that plans covering fewer than 100 lives represent about half of all plans but cover only about 5% of all employees. Thus a very real and substantial burden would be eliminated without a

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Asks Tax Incentive For Buying Health Cover On The Aged

Superior To Legislation Adding Coverage To OASI, Says ALC-LIA Spokesman

WASHINGTON—A plan of federal income tax incentives to help stimulate the spread of voluntary health insurance coverage among the aged was advocated Monday by the chairman of the joint committee on social security and health care of American Life Convention and Life Insurance Assn. of America at the hearings being



M. Rey Dodson

conducted by the House ways and means committee on legislation to provide medical care coverage for the aged under social security.

M. Rey Dodson, president of Ohio National Life, said the position of the two organizations he represents is that no aged health care legislation is needed but that the tax incentive method is preferable to the broader social security approach.

Citing the advantages of the tax incentive method over any type of government health care program, Mr. Dodson said the most important point would be the fact that it would not replace the existing voluntary coverage.

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COMPANIES TO HOUSE UNIT:

Take Second Look At Decision On Group A&S Tax Break

American Life Convention, Life Insurance Assn. of America and Life Insurers Conference have urged the House ways and means committee to reconsider its tentative decision to repeal the special tax deduction of 2% of net premiums now available to life companies with respect to group health insurance contracts they write.

In a letter to Committee Chairman Mills, the three industry associations draw attention to the committee's recent action during its revision of the tax law applicable to mutual fire and casualty insurers, in which the committee sought to conform the tax treatment of life companies with that of fire and casualty companies in this field.

The 2% deduction, the associations pointed out, was included in the life insurance company income tax law of 1959 for definite reasons. It is a reserve requirement demanded by state law applicable only to life companies and not to other insurers, and it is intended to help preserve an intricate balance in the tax treatment between stock and mutual life companies.

Noting the effect of state laws requiring life companies to set aside 2% of their net premiums on group life and group health contracts each year, the ALC-LIA-LIC letter said, "Group accident and health insurance is of

(CONTINUED ON PAGE 19)

Alaska Leads States With 47% Ordinary Sales Gain In June

Alaska showed the greatest percentage increase in June ordinary sales with Wyoming in second place and Arizona taking over the third spot, according to LIAMA. The respective increases were 47% 24% and 19%.

For the first six months of 1961, Alaska also led with a 33% gain in ordinary sales for the period. Arizona placed second with a 14% increase and South Dakota was in third with 13%.



The executive committee of NALU meets at the association's headquarters building in Washington, D. C., to review various items of NALU business with Lester O. Schriver, executive vice-president, and his successor, James A. Byrd, former Texas banking executive and educator. Mr. Byrd joined the NALU staff in July and will succeed to Mr. Schriver's post after the annual convention in Denver, Sept. 24-29. From left are Louis J. Grayson, Travelers, Washington, D. C., treasurer; Messrs. Schriver and Byrd; R. L. McMillon, Business Men's Assurance, Abilene, Tex.; William E. North, New York Life, Evanston, Ill., president; William S. Hendley Jr., Mutual of New York, Columbia, S. C., immediate past president, and David M. Blumberg, Massachusetts Mutual, Knoxville, secretary.

International Quality Award To 483 Producers Outside U. S., Canada

The International Quality Award sponsored by LIAMA has been won by 483 life insurance producers doing business other than in the United States and Canada. Of the 483 qualifiers, 118 also earned the award last year when it was first offered.

Qualifications for the award are similar to those for National Quality Award except that persistency for the international trophy is figured on lives alone—90% persistency on 25 lives during each of two consecutive years. The differences in currencies and the national economics of the various countries would make the additional volume standard impractical.

Donald Bramley, assistant managing director of LIAMA, is coordinator of the program and is assisted by Lendol B. Leach, senior consultant.

Postal Life of New York has passed the \$300-million mark in insurance in force. Sales figures for the first half of 1961 show the company increased ordinary production 39½%, group life 18% and association business 113%.

Treasury Reasons For Opposing Keogh Bill Are Given In Detail

WASHINGTON—Last week's issue contained a brief excerpt from the testimony of Assistant Treasury Secretary Stanley S. Surrey against enactment of the Keogh bill, the measure that seeks to put the self-employed on a par with employees covered by approved pension plans. Following is the complete portion of Mr. Surrey's presentation headed "Problems Raised By HR 10":

The Treasury Department recognizes that the present law does not give self-employed people tax treatment for their retirement savings comparable to that now accorded to employees covered by employer financed pension plans. However, HR 10 as passed by the House does not provide a satisfactory solution.

If it is to be effective in achieving its objective, any legislation designed to achieve comparable tax advantages for self-employed people under pension plans should at least have the following attributes:

1. It should at least grant approximately the same tax treatment under pension plans to self-employed people and corporate owner-managers. Since the principal justification for granting tax advantages for the retirement savings of the self-employed is that they are not given the pension advantages now received by corporate owners, any

legislation which results in treating these groups in a markedly different fashion would merely represent a temporary expedient and not a lasting solution. Moreover, if corporate owner-managers retain important tax advantages over the self-employed individuals for pension purposes an artificial tax incentive would remain for self-employed people to change their businesses to the corporate form wherever possible in order to secure greater pension advantages. Self-employed individuals who now cannot incorporate would also continue to seek state legislation permitting them to do so.

2. To prevent the use of pension plans to secure undue advantages,

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NW Mutual Life Reports A Record First Six Months

Northwestern Mutual Life reports a total income of \$333.5 million for the first six months. This exceeds the same period last year by nearly 9%.

Named to the board at the quarterly meeting were Benjamin C. Willis, general superintendent of schools, Chicago, and Charles D. Gelatt, president Northern Engraving, La Crosse, Wis. Named to the finance committee was Frazier D. MacIver, consultant Phoenix Hosiery, Milwaukee.

Assets of the Milwaukee-based company, the nation's sixth largest life company, reached almost \$4.26 billion on June 30—a growth of \$160 million or about 4% in the past year. Included in assets were \$2.3 billion in bond, stock and transportation equipment investments, and \$1.6 billion in mortgage and real estate investments.

Sales in the first six months were \$436,058,500, down less than 2% from the 103-year first-half record high of \$444,708,000 set in 1960. In addition to total income and assets, and excepting sales insurance in force, dividends paid, investment income and other figures were at all-time highs.

Investment income of \$94,991,400 for the first half of 1961 exceeded the comparable 1960 period by \$8,177,000 or 9%. New investments acquired in the first six months totaled \$201.6 million and yield an average return of 5.79%. The company's over-all net rate of return upon investments before income tax has now reached 4.34%, compared with 4.27% at year end.

New securities investments in the half year amount to \$75.6 million and new mortgage loan and real estate investments \$125.1 million.

Insurance in force climbed to \$10,649,524,000 on June 30, topping the 1960 figure for that date by \$486 million or 4.8%. The average size of new policies written in the first six months 1961 period was \$11,795, compared with \$11,760 in the corresponding 1960 period. The average size of all policies in force is now \$6,358.

Dividend payments to the company's more than one million policyholders totaled \$46.04 million, 8.6% more than in the first half of 1960. All benefits paid to policyholders, including dividends, totaled \$158.6 million, \$12.6 million more than was paid in the same period last year.

List Of Events For Technical Sessions At LOMA Conference

Virtually all aspects of the operation of a life company home office will be examined during technical sessions at the annual conference of Life Office Management Assn. in Washington, D.C., Sept. 25-27.

On Monday afternoon LOMA's personnel administration committee and eastern, mid-central, north central and southern planning committees will conduct concurrent sessions. The personnel administration committee will hold a presentation on "Personnel Considerations in Improving Organizational Performance," with William H. Eastman, John Hancock, as moderator.

The eastern committee will conduct two sessions—one on "Quality Control of System Input," moderated by Kenneth McCreery, Aetna Life, and the other on "Training of Planning Analysis," with W. Terry Vrooman, Fidelity Mutual Life, as moderator. The mid-central committee will discuss processing policyholders' remittances, with a panel moderated by Irving Magorian, Ohio National.

Mechanical Issue

The north central committee panel discussions will deal with two subjects—"Mechanical Policy Issue," moderated by Harry W. Kenney, Kansas City Life, and "Idea Trading Post," moderated by Charles Corte, Continental Assurance. The southern committee, also dealing with two subjects, will have one panel titled "Records Retention and Destruction," and "Procedures for Handling Guaranteed Insurability Options," both of which will have Chris C. Hamlet, Home Security Life, presiding.

On Tuesday, the group administration, debit, cost and organization committees will hold concurrent sessions. The cost committee's "Cost Clinic" will be moderated by William A. Diman, John Hancock. This will be an informal, off-the-record session devoted to the problems of smaller companies in the areas of budgeting, expense analysis, expense allocation and cost control.

The debit committee session, moder-

(CONTINUED ON PAGE 26)

E. J. ANDERSON IN CHARGE

N. Y. Life Unifies Responsibility For All Group Sales

NEW YORK—Further implementing the "total marketing" program headed by Vice-president Raymond C. Johnson, New York Life has realigned some of the executive responsibilities in its group department.

Second Vice-president E. J. Anderson, who has been in charge of group administration at the home office since 1958 has been transferred to the marketing department, where he will be responsible for group sales countrywide and in Canada, under the immediate supervision of Paul Norton, vice-president for sales administration.

The three territorial group sales executives, who previously reported to Mr. Norton, now will be under the supervision of Mr. Anderson. They are 2nd Vice-president Ervin C. Jones, central United States and all of Canada, Assistant Vice-president Fenwick J. Crane, Western United States, and Assistant Vice-president Forrest E. Huffman, eastern United States.

Special Accounts Division Moved

The group special accounts division, headed by 2nd Vice-president Edwin P. Brooks, is being transferred to the marketing department. It will continue to operate as a unit attached to the staff of Mr. Anderson.

Assistant Vice-president Stewart Waring will continue to be responsible for sales development and related operations, as a member of Mr. Anderson's staff.

Mr. Anderson has been in group insurance his entire business career, starting in 1938. Before joining New York Life he worked in group sales on the east and west coasts. He became manager of New York Life's San Francisco group office in 1951. His office led the entire company in number of sales, premiums and/or life volume yearly, this record resulting in his being named "group manager of the year" in 1956. In recognition of his outstanding work he was made regional group manager of the north-eastern region in 1957.

House-Passed Bill Gives Pa. Department Authority To Rule On Credit Cover

A bill which would give the Pennsylvania department authority to write rules and regulations governing the sale of credit life and credit health insurance has been passed by the house and sent to the senate.

Penalties for violations of the proposed legislation would be fines ranging from \$250 to \$1,000.

Western Pacific Life, Equity National Merged

Equity National Life of Boise, purchased by Western Pacific Ins. Co. earlier this year, has been merged into Western Pacific Life. The latter company was organized in April of this year by Western Pacific and has been licensed in Washington and Idaho. The parent company plans to enter Western Pacific Life in Oregon, Montana, Wyoming, Nevada, Utah, Arizona and Alaska.

Mutual Trust Sponsors Seminar

Discussions of estate planning and pension and profit sharing plans highlighted a seminar sponsored by Mutual Trust Life at New York. The advanced underwriting sessions were attended by more than 100 agents and brokers of the Bergen, Lester, and Tiedemann agencies of New York City and the Jurnove agency of South Hempstead, N. Y. Principal speakers were Bernard M. Eiber, assistant professor of New York Law School and a past president of New York CLU chapter; Elliott Adler of the Bergen agency; Maurice Weingold, attorney and specialist in pension and profit-sharing plans; and Robert Greer, attorney and taxation instructor of the New York University law school.



Three winners of Occidental of California group achievement awards display their plaques. Pictured from left are Norman Wagner, director of group sales, who made the presentation; Patrick M. Doran, Los Angeles regional group manager, winner of grand quality plaque, the company's highest group award; Dayle W. Vaughan, Baltimore, southern division leader; Thomas R. Martin, Chicago, who led the northern division; and Herbert D. Eagle, vice-president of group sales and service.

Runners-up were O.K. Bjornstad, Minneapolis; George B. Patterson, Atlanta; and Robert B. Hall, Los Angeles.

The awards were made at the company's biennial group seminar at Disneyland Hotel near Los Angeles.

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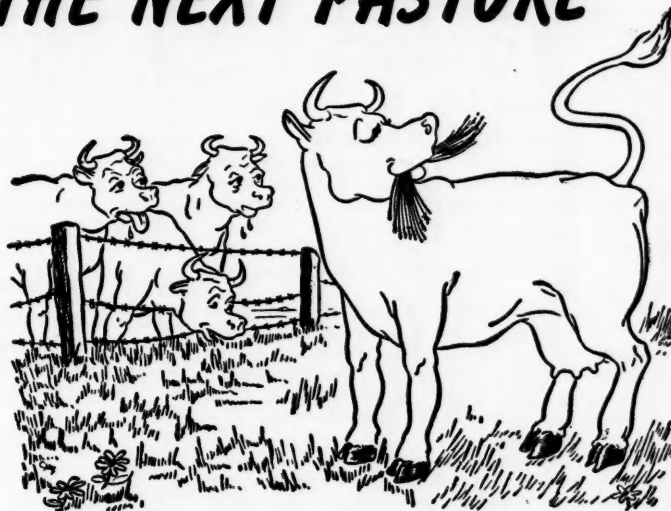
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But Franklin salesmen don't bother looking over fences with that day-dreaming light in their eyes. They know that the grass is greenest right where they are. Last year the hundred leading Franklin field associates—the leading money-makers—averaged \$42,702.59. The 100th man earned \$22,914.48. The 200th man earned \$15,597.29. And the 300th received \$11,767.25.

(Figures as reported to Internal Revenue Service.)

That's lots of alfalfa!

So if you are suffering from wallet-anemia, and have developed a roving eye for the fields beyond the fence, take a look at a Franklin Agency contract. It assures contentment, with an ample supply of "long green."

An agent cannot long travel at a faster gait than the company he represents



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Heavy Tax Cost Of Aged Health Care In OASI Stressed By Rietz

WASHINGTON—The high cost to taxpayers of adding health care benefits strongly emphasized by Executive Vice-president H. Lewis Rietz of Great Southern Life, in his testimony before the House ways and means committee on the Anderson-King bill, HR 4222.

Speaking on behalf of the Health Insurance of America, of which he is president, and American Life Convention and Life Insurance Assn. of America, Mr. Rietz said insurance company actuaries estimate that benefits provided under the bill would cost \$2.2 billion in 1962 as against the Health, Education & Welfare Department's estimate of \$1 billion.

Calls Attention To Act

Mr. Rietz called the committee's attention to the insurance industry's endorsement of the Kerr-Mills act and then said:

"The associations which I represent regard HR 4222 as highly undesirable and unnecessary in the light of the availability and continued rapid growth and development of voluntary health insurance, other presently existing private and public facilities, and the recent enactment of public law 86-778 (the Kerr-Mills act). While the Insurance business opposes HR 4222 for what we are convinced are sound social and economic reasons, the implication sometimes suggested that the insurance business opposes adequate health care for the entire aging population is erroneous. Nothing can be further from the fact. We favor the

best possible health care for our entire population, including all of the older segment.

'Devoted Tremendous Energy'

"For some 25 years the insurance industry has devoted tremendous energy to the development of broad and effective means to provide for financing the costs of the best possible health care in the world. I am sure that is the objective of those who support HR 4222. Therefore, our differences arise only as to the means and

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Home Life, N. Y., Has Record Half-Year

Home Life of New York had a record half year in paid-for ordinary sales and a record June. The six months' figure, \$109,560,000, was a 7.1% increase. June ordinary sales were \$19,944,000, up by more than a million.

Large increases were also recorded in group life and health insurance. Group life volume paid-for during the first six months was \$20,834,000 up 61%. Total group premium from life and health business was 67% ahead.

In-force figures showed ordinary up 67 million in six months. Total life insurance in force at the end of June was \$2,316,449,000.

Massachusetts Mutual has issued a commitment for a \$2,250,000 first mortgage on the proposed new Princeton Club building in New York.

Report Leggett On The Way Out As Mo. Superintendent

Indications are strong that C. Lawrence Leggett will not be retained as Missouri insurance superintendent. Three men have been mentioned to replace him, with the inside track apparently belonging to Ralph Duggan, counsel of the state highway department.

Mr. Leggett, a past president of National Assn. of Insurance Commissioners, has been in office since November, 1949, longer than any other Missouri superintendent. His departure was predicted after the elections last November. Mr. Leggett was not a member of the team of the new governor, John Dalton. However nothing happened. In some quarters it is thought Mr. Leggett's opposition to no prior approval legislation for fire insurance brought about the final decision to let him out.

W. J. McNerney Named Blue Cross President

Walter J. McNerney, director bureau of hospital administration, school of business administration, University of Michigan, has been named president of Blue Cross Assn.

Mr. McNerney succeeds James E. Stuart, who became executive vice-president of the association in 1959 and president in 1960 and is now chairman. The 25-man board consists of the chief salaried executives of 22 of the 79 autonomous Blue Cross plans throughout the country and three representatives of American Hospital Assn.



W. J. McNerney

Sets Possible Record In Volume, Premium And Apps

During one week, Delton Mills, Texarkana, Ark., agent of Investors Preferred Life of Little Rock, produced 50 ordinary applications on a total of \$503,000 coverage and collected premiums amounting to \$7,035. His company believes this combination of volume, premium and number of applications to be an industry record. Mr. Mills was a million-dollar producer last year, and he has passed the million mark already this year.

B.M.A. In Force Increases 3.6% During First Half

Insurance in force of Business Men's Assurance reached \$2,073,386,350 at the half-way point of 1961, a gain of 3.6%. Sales amounted to \$226,517,430, up 6.1%. Premium income was \$28,650,221 compared with \$26,669,724 a year ago, and total income amounted to \$34,494,037, up 7.6%.

Arizona Actuarial Club Elects

Charles G. Bentzin, Phoenix, has been reelected president of Arizona Actuarial Club. William K. Robinson, First National Life, has been reelected secretary-treasurer.

Kenneth H. Feldman of Tucson captured "Premier Performer" honors by leading the entire field force of Midland Mutual Life during July.

Ways-Means Urged To Review Decision On Interest, Dividends

WASHINGTON—The recent tentative decision of the House ways and means committee to approve a system of withholding on interest and dividends with exemptions for those who expect to owe no tax in any given year was opposed in a statement submitted to Chairman Wilbur D. Mills by American Life Convention and Life Insurance Assn. of America.

Urging the committee to reconsider its decision, the two associations said that the exemption system applicable for those who expect to owe no tax would result in the individual handling of withholding accounts at prohibitive costs, particularly for life companies with their millions of accounts.

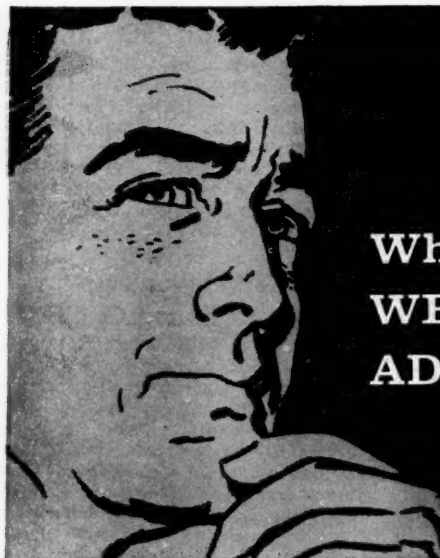
Asserting that a substantial portion of life insurance payments would involve persons without tax liability, the statement continued:

"Nor is this merely a problem involving a large initial cost followed by reduced administrative expense. Under the committee's proposal the installation of a new exemption accounting system would be required each year. Every payment throughout the year would then have to be matched against a possible exemption certificate. Payments to a single individual are often made under more than one contract. Each separate payment would require identification. Not only would the burden be tremendous, but errors would be inevitable with the result that there would be withholding on some payments and not on others even though the recipient had filed an exemption certificate.

Agrees With Committee's Concern

"We understand and agree with the concern of the committee over the effect of withholding on the income of beneficiaries who owe little or no tax. We do not believe, however, that the proposed solution is the proper one. Not only would it impose a heavy burden on life insurance companies, as well as other large payers of interest, but it would inevitably penalize life insurance policyholders and beneficiaries, including those who expect to owe no tax. The imposition of additional administrative costs on life insurance companies must necessarily be reflected in reduced benefits. Delay in the payment of benefits could also result."

Referring to their previous testimony (CONTINUED ON PAGE 14)



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We honor these Mutual Trust representatives who have merited the 1961 National Quality Award, a well-deserved recognition of the superior service they give to our policyowners

NQA	CITY	NO. OF YEARS
Carl J. Homann	Madison, Wis.	17
Charles Walter	Cincinnati, O.	14
Donald P. Bergquist, C.L.U.	Minneapolis, Minn.	13
William N. Hesse	South Hempstead, N.Y.	13
Roy E. Pease	Sumner, Ia.	12
Sophie Lubroth	New York, N.Y.	11
LeRoy Greenfield	New York, N.Y.	11
Bernard Bergen	New York, N.Y.	11
Merlin B. Victora	Madison, Wis.	8
Howard M. Katzen	New York, N.Y.	8
Bernard Kooper	New York, N.Y.	8
Norman S. Fedderly	Madison, Wis.	6
Z. Erol Smith, Jr., C.L.U.	Chicago, Ill.	6
C. Lawrence Jordan	San Jose, Cal.	5
Samuel L. Paris	New York, N.Y.	3
Frank R. Cole	Madison, Wis.	3
Fred Lamon	New York, N.Y.	2
Charles F. Hague	Columbus, O.	1
Howard R. Rickenbrode, Jr.	Chicago, Ill.	1

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Ingredients Of Successful A&S Close Cited By Robert McCabe

What goes into the successful closing of a health insurance sales presentation was explained by Robert W. McCabe, director of A&S sales of Equitable Society, in a speech at the annual meeting of International Assn. of Health Underwriters. A digest of his talk follows.

By ROBERT W. McCABE

Rather than simply discuss the actual close of a health insurance sales presentation, it seems wise to discuss the three ingredients which make a proper conclusion of a presentation. They are the close, securing referred leads and delivering the policy. These three items should properly not be considered separately, but rather as a unit automatically presented at the proper moment. It is not a problem to do this, it only becomes a problem when it stops being a process.

Needless to say, the close does not have to wait to follow a lengthy presentation, as the close may occur at any time during the presentation. One of the mistakes we make as salesman is many times to continue to give our beautiful sales story even after the prospect has intimated his desire to buy at an early stage of the presentation. It is vital to remember to close your mouth when you close the case.

To discuss closing the sale, a few assumptions must be made. One assumption will be that during the presentation this statement frequently has been made to the prospect: "If you can qualify, this plan provides such-and-

such a benefit." This statement should be used with all coverages of the contract. At the close of the presentation the question should be asked of the applicant: "Do you think you can qualify?" The answer generally is "I don't know."

Application Important

At this point, without any hesitation, the use of the application and medical questions are of prime importance, not only in our position as field underwriters, but also in closing the sale. Remember, this presentation is made on the basis that the man is either going to have an accident or be sick and this all deals with the physical hazard.

To discuss with him the medical questions in their fullest extent is to give the final climax to a wonderful presentation. If the thought can be brought out in questioning the man during the medical part of the application, that he might be on the brink of disability, the motivational benefits are sublime. If he has seen a doctor for a cold, for example, our questioning might follow along the lines of: "Did the doctor flourescope your lungs? Has there been any history of tuberculosis in your family? Do you find that you are short of breath with mild exercise? Did the cold give you any headaches? Has there been any other history of these symptoms in your family?"

All of these questions have been asked solely to get the insured to the

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Hartford Life Writes \$19 Million In June

Hartford Life had \$19 million in new individual paid-for business in June, \$9 million more than the announced goal. The month was the anniversary of Hartford Fire's acquisition of the company and was the best month in its history. Quotas were met by all offices throughout the country and exceeded by 34 sales offices.

Regional awards for outstanding performance will be given to eight offices for exceeding their quotas. They are Lowell, Mass; Hempstead, N.Y.; Denver; San Francisco; Atlanta; Oklahoma City; Chicago, and Cincinnati.

State Blocks Move To Buy National Fidelity Of S. C.

An offer to buy 75% of National Fidelity Ins. of Spartanburg, S. C., made by Bankers Life of Dallas, has been blocked by Commissioner Austin of South Carolina, who said a petition would be filed by the department seeking liquidation of the casualty company.

Bankers Life's offer involved the exchange of a motel valued at \$400,000 for control of National Fidelity, which has been suspended from doing business in South Carolina and several other states. The motel was to have been deeded over to National Fidelity to strengthen its financial position, but the move would have been in violation of state laws limiting real estate holdings to 10% of assets.

An additional difficulty has been encountered in making up the 75% sought by Bankers. Stock held by Mayor A. D. Cudd Jr., president of the company has been committed and cannot be released for sale. Commissioner Austin said that there was no practical way to raise additional shares under the terms of the offer.

Two other companies, Cudd & Coan Underwriters and Title Insurance & Guaranty Co., of the Cudd group, would also be named in the receivership petition, according to the commissioner.

Meetings With Producers On Conn. Major Medical

A series of meetings with producers in Connecticut to outline the new plan for major medical coverage of citizens of that state 65 and over is being arranged by John D. Parker Jr., 2nd vice-president of Travelers, chairman of the promotion committee of the group of companies sponsoring the plan.

The meetings will be held Aug. 7 at Hartford, Aug. 8 at Groton, Aug. 9 at Cheshire, and Aug. 10 at Norwalk. Participating will be members of Connecticut Assn. of Insurance Agents, Connecticut Mutual Agents Assn., Connecticut Life Underwriters Assn., and Connecticut Assn. of A&H Underwriters.

Prudential and Mutual of New York have purchased \$14 million in secured bonds from Home Oil Co. Ltd., of Calgary, Alta., explorers for and producers of crude oil and natural gas, with interests in natural gas processing plants and pipe lines. Prudential took \$9.8 million of the bonds and Mutual of New York \$4.2 million. The bonds are due in 1976.

Ralph L. Rosenblatt, Los Angeles, led the Midland Mutual field force during June.

Private Insurer Has Advantage Over Blue Cross In Rating

Blue Cross and Blue Shield in Michigan are at a disadvantage, according to a report of the University of Michigan research team under Prof. W. J. McNerny, in that the underwriting practices of private companies skim off the best risks.

Dr. McNerny's report, which summarizes a three-year study, states that "unless steps are taken to counteract this effect, the Blue plans face the prospect of a spiraling rate structure and the loss of the more desirable portions of their enrollment."

The report states that the shifting of certain business over the past five years from Blue Cross-Blue Shield to private companies resulted from differences in determining premium rates. The private companies, it is stated, based their rates on previous use of hospital and medical care by persons in similar occupation or age groups, so that groups having the lowest rate of usage pay the lowest rates. Blue Cross-Blue Shield, on the other hand, use a "community" rating system with the same rates for all persons, spreading the cost over a larger cross-section of population.

It is suggested in the McNerny report that the advantage enjoyed by the private companies when they rate groups individually could be eliminated by outlawing the extreme forms of the experience rating and by setting up statutory requirements that insurers use some form of assigned risk pool to accept lower than average risks on the same basis as is used for automobile and workmen's compensation.

Difficulty Of Selling To Young Men Is Described At Austin

Young men are particularly difficult to sell life insurance to because they can't visualize themselves dying too soon or living too long.

This was the opinion of W. T. Scully, Southwestern Life, Sherman, Tex., as he addressed the July meeting of Austin Assn. of Life Underwriters.

Mr. Scully said that probably the best approach in selling the young man is to emphasize the accumulation of capital which life insurance makes possible. Success is very much on the minds of young men and they will readily see the advantage of life insurance in this context.

Stress the rapidity with which cash values grow. The young man, and this must be admitted by the life agent if he is to sell well in this field, is simply not interested in life insurance per se.

Presenting life insurance as the key to success is easy, Mr. Scully stated, especially when the presentation is built around the three main advantages such insurance provides: Character, credit and cash.

Am. Bankers Of Miami General Agents Attend Management Meet

Eleven general agents attended American Bankers Life of Miami's management conference at the Dupont Plaza hotel in Miami, which was under the direction of Joseph M. McCarthy, assistant vice-president and director of agencies. Subjects covered during the conference were recruiting, agency organization and record keeping and production of consistent, persistent business.

HOME OFFICE
SUPPORT WITH
A FIELD
VIEWPOINT



Knowing that success in the field is so greatly influenced by behind-the-scenes cooperation . . . Fidelity Mutual emphasizes to Home Office personnel the overwhelming importance of field viewpoint.

Whether it is processing applications, handling policy loans, changing beneficiaries or settling claims . . . nothing can substitute for personal interest and prompt assistance as needed and when needed by our men in the field.

The fact is that 96 per cent of Fidelity Mutual's claims are settled within 24 hours . . . one of the many ways Fidelity Mutual helps its agents do an outstanding job in life underwriting.



The FIDELITY MUTUAL LIFE Insurance Company
ON THE PARKWAY AT FAIRMOUNT AVENUE • PHILADELPHIA

ATTENTION! SALES EXECUTIVES!



We're afraid we goofed!

Last month we ran this ad on our variable dollar program, inviting inquiries. The response was overwhelming.

Unfortunately, as Douglas Thornsjo, our president, pointed out with admirable restraint, the response was mainly from agents overly anxious to start selling the program. It seems we failed to address the ad specifically to the sales executives of insurance companies. A rather serious omission, too, for while we appreciate the enthusiasm at the selling level, the variable dollar program of Investment Policies, Inc. is available to agents only after integration in a company's sales portfolio.

We apologize to you for our oversight in the previous ad and, if your company is interested in a highly saleable, variable dollar program, we hope we've made amends by rerunning our ad with this explanation.

***if a variable dollar program
is on your agenda, send us this
collect telegram:***

WESTERN UNION TELEGRAM		SYMBOLS
<small>CLASS OF SERVICE</small> is a fast message its deferred char- is indicated by the symbol.	<small>W. P. MARSHALL, PRESIDENT</small> 1201 (4-00)	DL = Day Letter NL = Night Letter LT = International Letter Telegram
	<small>Time of receipt is LOCAL TIME at point of destination</small> 1961 JUN 13 PM 5 21	
	LD003 PD MINNEAPOLIS MINN 13 506P CDT DOUGLAS THORNSJO, PRESIDENT INVESTMENT POLICIES INC 2615 FIRST NATIONAL BANK MPLS AM CONSIDERING THE ADDITION OF SOME FORM OF VARIABLE DOLLAR PROGRAM TO OUR SALES PORTFOLIO, EG. MUTUAL FUNDS OR VARIABLE ANNUITIES. UNDERSTAND YOU OFFER AN ENTRY INTO THIS PROFITABLE FIELD, TAILORED TO OUR SALES POLICIES. ALSO UNDERSTAND YOU MANAGE SECURITIES BUT WE RETAIN CONTROL. WOULD LIKE FURTHER DETAILS AND ESTIMATE OF TIME FACTOR RE STARTING DATE (YOUR NAME AND COMPANY).	
<small>THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE</small>		

XUM



SERVICE Is *THE RENT WE PAY* For Our Room On Earth

A society of British soldiers who fought in the Ypres salient during World War I adopted those words as its motto.

They well describe the personal and business philosophy of Lester A. Rosen, C.L.U., who represents The Union Central Life Insurance Company at Memphis, Tennessee.



Lester Rosen's entire business career has been one of steadfast devotion and service to his clients, his Company, and the life insurance profession. He prepared for his career at the Wharton School of Finance and Commerce, University of Pennsylvania, where he received his B.S. degree in economics. He was awarded the Chartered Life Underwriter designation in 1936, and has qualified for membership in the Million Dollar Round Table 16 times.

He is a Charter Member of The Union Central's President's Club, and has served on his Company's President's Field Advisory Cabinet. Further, he

is a past president of the Memphis C.L.U. Chapter, the Memphis Life Underwriters Association, the Tennessee State Association of Life Underwriters, and instructed the first Life Underwriter Training Council courses in Memphis.

Lester Rosen's election as Chairman of the 1962 Million Dollar Round Table is another high honor resulting from superior knowledge and unselfish service.

He will lead the Million Dollar Round Table well. That's the way he does everything.

The **UNION CENTRAL LIFE**
Insurance Company • CINCINNATI

NW Mutual Agents Hold 81st Annual

(CONTINUED FROM PAGE 1)
the company's president, Donald C. Slichter; the company's last year volume leader, John O. Todd, special agent, Evanston, Ill.; Davis E. Gregg, president American College, and Gen. Alfred M. Gruenther, (ret.), president American National Red Cross. Mr. Slichter's talk is reported elsewhere on this page and the talks of Mr. Todd and E. T. Procter, special agent, Nashville, will be reported in future issues.

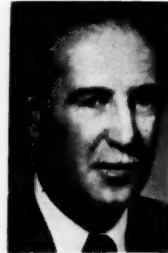
Election Of Officers

A special feature of this annual get-together is always the election of officers of the four agents' groups: The over-all Assn. of Agents, and General Agents', District Agents', and Special Agents', associations. The elections this year went like this:

Assn. of Agents: Lawrence J. Evans, general agent, Portland, Ore., president, succeeding B. S. McGiveran, special agent, Milwaukee; Leigh T. Prettyman, special agent, Muskegon, Mich., 1st vice-president; Corlett J. Cotton, district agent, Lawrence, Kan.,

2nd vice-president, and Dean H. Darrow, special agent, Milwaukee (reelected).

General Agents Assn.: Deal H. Tompkins, Charleston, W. Va., succeeding



Adon N. Smith



M. L. Hahs

Francis R. Olsen, Minneapolis; William C. Roeder, Aurora, Ill., president-elect; Joseph D. McTigue, Kansas City, Kan., 1st vice-president; John M. Law, Atlanta, 2nd vice-president, and Stuart H. Koch, Appleton, Wis., secretary-treasurer (reelected).

District Agents Assn.: M. L. Hahs, Cape Girardeau, Mo., succeeding Rich-

ard E. Thomas, Pasadena; Francis B. Donovan, Peterborough, N.H., 1st vice-president; Byron J. Crosse, Beloit, Wis., 2nd vice-president, and William K. Pierce, Elgin, Ill., secretary-treasurer (reelected for eighth consecutive year).

Special Agents Assn.: Adon N. Smith II, Charlotte, N.C., succeeding John P. Propis, Buffalo; Robert Casey, Dayton, 1st vice-president; Clarence E. P. Crauer, Poughkeepsie, 2nd vice-president, and David J. Clark, Milwaukee, secretary-treasurer (reelected).

Jamison Wins Again

Achievement cups, too, are very much a part of these festivities. The general agency achievement cup was awarded to the John H. Jamison agency, Chicago, for the fourth consecutive year. The agency scored 839 points out of a possible 1,000. In second place among the 96 general agencies was the Jason E. Stone Jr. agency of Boston.

The district agency cup was won by the Leslie R. Fowler district agency, Boulder, Colo. This agency is associated with the John S. Stobbelaar general agency, Denver. The Charles W. Lee agency, Sycamore, Ill., placed second among the 261 district agencies.

Both cups are awarded on a performance basis that includes insurance sales, policyholder satisfaction, and the development of productive agents.

The M. J. Cleary award, a career agent development trophy presented to general agents for outstanding progress by their newer agents, went to Harold Vinson, Phoenix; P. A. Karl Jr., Utica; Russell L. Law Jr., Miami, Fla.; and Messrs. Jamison and Stobbelaar. The award is named in honor of Michael J. Cleary, president of the company from 1932 to 1947.

Howard E. Blair Sr., a district agent at Elmira, N.Y., and associated with the B. T. Cournoyer agency of Rochester, received the top-honor Grant L. Hill achievement trophy.

With a convention theme of "Career Building," many speakers used this as the core of their talks. Robert E. Templin, director of agencies, noted that while he could regale the agents

President Slichter Terms Replacement Problem 'Bothersome'

The problem of replacement—usually through some form of financed insurance—is perhaps the most bothersome trend in the industry today, Donald C. Slichter, president Northwestern Mutual Life, stated in his address to the agents.

Financed insurance, a n.c.e., borrow-to-buy, or bank loan insurance has been with the industry for years, he said. But whatever name it is called, in many instances this type of selling has accelerated twisting, confused the purchaser, and shadowed the activity of some home office managements, brokers and agents. Many have experienced this vicious, half-truth type of competition.

A Difficult Problem

Mr. Slichter said the problem is a difficult one, but he believes reasonable control may result if the agent is required to submit a written prospectus to his client, to his home office, and to the company whose insurance is programmed for replacement.

There are more than 1,400 life insurance companies in the industry and there will always be some which will attempt to expand sales by catchy, highly promotional, and sometimes unethical methods. The best and most effective force to make such selling unprofitable is vigorous, ethical, competent competition. And here is where company and agent have an obligation and an opportunity. Character, integrity and dedication to what is right, and not to what is merely expedient, are simple principles that are at the very heart of a Northwestern Mutual Life career, Mr. Slichter stated.

Turning to the progress of the company, he noted that conversion to electronic data processing continues to move forward smoothly.

Forty-three percent of the company's policies in 45 general agencies are converted, and 15,000 policies are currently being converted each week, he said. The company's second IBM 705 is in operation and delivery of the more powerful IBM 7080 is expected in the second quarter of next year. Ample capacity will then be available to convert all policies.

Vigorous work on the monthly pre-



Donald C. Slichter

THE UNITED STATES LIFE INSURANCE COMPANY

ANNOUNCES THE APPOINTMENT OF THE

BERNARD BERGEN AGENCY

AS

GENERAL AGENT

WITH OFFICES AT

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THE *United States Life*
INSURANCE COMPANY IN THE CITY OF NEW YORK

The Oldest Stock Life Insurance Company in America

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(Formerly A-
Department
Illinois.)

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with the problems of replacement of business, the impact of mutual funds, the extension of group coverage, social security or any number of problems that occur in the day-to-day work, he wanted to discuss instead the important subject of building careers with the many clients who would be interested in life insurance—if only the agent would call upon them.

A Fear Of Failure

Mr. Templin said many agents have fallen short not because they have tried and failed, but because they let the fear of failure stop them from really trying at all.

In building a career, the agent should consider the mountain climber who always places himself in a position in which he can go only in one direction, —upward, never backward.

Self-discipline is the quality that makes a man willing to forego immediate pleasures for future rewards. It

mum budget plan has been going on throughout the year, Mr. Slichter noted. The company expects to field-test this "revolutionary plan" within two or three months.

During the past several years the agency department has substantially expanded through increased personnel and in material the support and assistance offered the agent in the advanced underwriting field. Many agents have already had an opportunity to attend one of the seminars. Nine cities were visited last year and these sessions served 44 general agencies.

A Company Policy

Mr. Slichter said that because it has been the company's policy to serve people only upon an individual basis, Northwestern Mutual has not sought to be a factor in large corporate pension fund cases. The company's market is the smaller company or partnership, and there are hundreds of thousands of these situations. The company's underwriting rules and requirements have been designed for this market so that it is possible to have the benefit of wide diversification and spreading of risk. The company is interested in maintaining a good volume and good service in this area so that it can offer a well-rounded personal life insurance service to such typical business clients.

Life insurance last year strongly resisted the downward trends in the economy, the president of the 103-year old company noted. Northwestern Mutual's own sales clearly reflected this. Nineteen-sixty was loudly heralded last year to be a year of booming business—but it turned out to be a year of recession, milder however than the two previous post-war business downturns.

Ordinary life insurance sales were off only .1%. That is a concrete demonstration of the importance and basic nature of the life insurance business, Mr. Slichter stated.

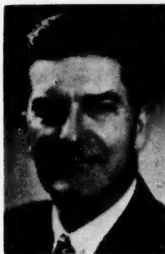
makes him not only willing but wanting to work longer and harder than is necessary. It gives him a high degree of control over himself and consequently over his work.

A continuous self-appraisal of self-discipline and work habits is necessary in building a career of which the agent can be justly proud, Mr. Templin said. Man is dynamic. He changes—usually for the better, but sometimes for the worse. He can be taught. He can be improved, provided he recognizes the value of improvement. And all improvement is self-induced.

In building a career, the agent must ask himself: Am I as effective in my presentation as I would like to be? Am I always prepared? The average man goes to work daily for a period of about 40 years—10,000 working days. During his lifetime he buys life insurance four or five times. On those four or five days he is creating some 80% of all he will eventually leave for his family. It is therefore up to the agent to be ready for those four or five days.

Mr. Templin said a competitive society needs salesmen smart enough to deal with the complexities of modern

NW Mutual Cup Winners



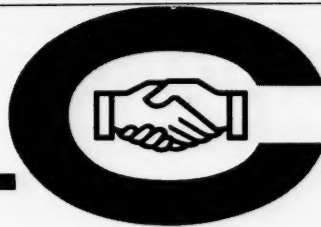
Two achievement cups were awarded at Northwestern Mutual Life's annual meeting of Agents. John H. Jamison, Chicago, left, won the general agency achievement cup for the fourth consecutive year. Leslie R. Fowler, Boulder, Colo., right, won the district agency cup. Mr. Fowler's agency is associated with the John S. Stobbelaar general agency of Denver.

problems, and who can work with others congenially and cooperatively. It needs men who have a core of values that spells integrity, dependability and a real concern for one's fellow man. There is no future in any job—the future lies with the man.

David H. Hilton, special agent at Chicago, said that whenever a man comes into the life insurance business, he is always told of the great potential the business holds for him. The new agent is made to realize that he has great expectations; and this is a fine and true characteristic of the business.

But, why is it then that between these initial dreams and the final success, so many agents are sidetracked? Why is it that two out of three agents are out of the business within two years? Why is it that of those who remain, so many are marginal in their accomplishments? What does the agent need not merely to survive, but to stand out?

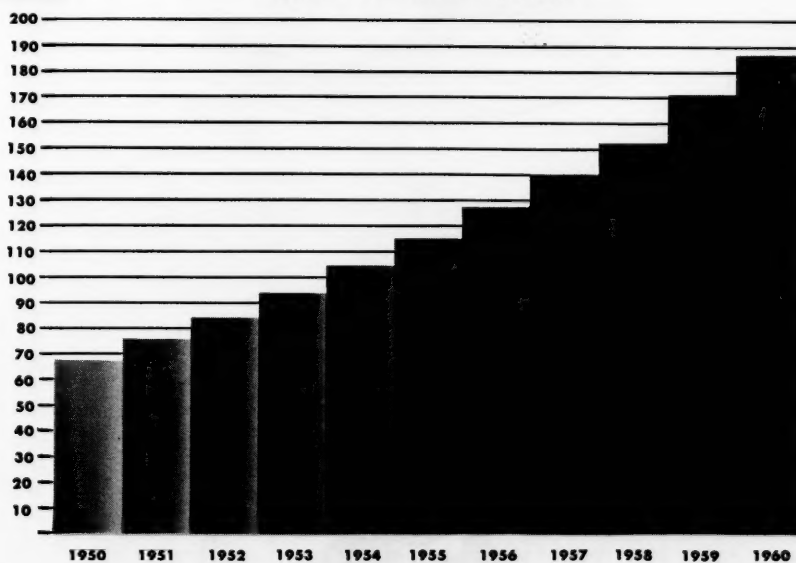
Primarily, Mr. Hilton said, the beginning agent needs two things: Competence and conscience. If there is one distinguishing characteristic of the successful salesman, it is probably the



Commonwealth's Assets Have Increased 173% In Past 10 Years

MILLIONS OF DOLLARS

ASSETS • 10 YEARS' GROWTH



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EXECUTIVE AND ACTUARIAL
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Departments of Missouri and
Illinois.)

COMMONWEALTH LIFE
INSURANCE COMPANY

Commonwealth Building • Louisville 2, Kentucky

William H. Abell, President

intelligence with which he plans and does his work. If he sees or senses that there will be no profit in that which he is doing or is about to do—then he immediately terminates such activity.

The successful salesman is strictly a no-nonsense sort of person. He not only estimates what a given course of work habits will most likely accomplish, but he gets factual information as to what did happen.

Applying this to life insurance agents, Mr. Hilton said, would mean that the successful man must be organized to three things: Devote suf-

ficient time to prospecting since the business is primarily one of prospecting and promotion; eliminate unnecessary detail and duplication of records, and create an automatic track to run the agent.

Mr. Gregg urged the agents to play a more significant part in the early days of a wedding. The agent should be as involved in the wedding as is the minister and the silversmith. The agent should learn more about American family life in order to serve newlyweds better.

Kenneth Howes Jr., trust officer

Boston Safe Deposit & Trust Co., had some general comments on estate planning; especially with regards to cooperation between life agents and trust officers.

Robert S. Stevenson, president Allis Chalmers and a Northwestern Mutual Life trustee, spoke about the importance of the salesman in the economy. He said advertising is not selling; it is a part of the selling process. It cannot be substituted for selling. It cannot substitute for the careful, intelligent, understanding process which a good salesman applies to help a cus-

tomers buy what is best for him—not necessarily what is cheapest.

Quality and value are the two most important ingredients that a customer buys when he purchases goods or services. Price is only one factor in value. Unfortunately, advertising seems to have just about lost its ability to present quality and value. Every advertisement can use the same superlatives and under these circumstances the prospect has no basis for his choice.

As a result, Mr. Stevenson said, the public has been sold the bill of goods which results in the statement "they're all good," implying an equality which is just not true. But how can one find out through advertising? It is impossible. And, as a result, advertising has resorted to the only two areas in which it can portray difference: Style (it looks different), and price (it's cheaper). And neither is a measure of value.

A Three-Phase Program

All salesman should enlist in a three-phase program to bring the benefits of good salesmanship to bear on the only really serious domestic problem that this country has: The link between production and consumption.

Mr. Stevenson suggested this program: Each should resolve to practice the best individual, fundamental salesmanship of which he's capable; each should dignify and continually call attention to the professional skill and effectiveness which the good salesman contributes to the operation of the free enterprise system; and each should help convince the educators that salesmanship is a science and not an art, and that since it can be learned it can be taught, and courses of reasonable emphasis should be included in the appropriate curricula.

Gen. Gruenther discussed the Berlin crisis, which, he said, was a serious matter and not one on which the country can compromise as regards to principles.

Martin S. Polhemus, district agent, Wayne, Neb., discussed "Green Pastures"; William C. Roeder, general agent, Aurora, Ill., "Ring the Cash Register"; C. Robinson Fish III, special agent, Richmond, Va., "Multiplying Life Insurance"; John P. Propis, special agent, Buffalo, "Corporation Insurance—High Compensation"; Adon N. Smith II, special agent, Charlotte, N. C., "Profit Sharing," and William B. Lynch Jr., Seefurth & McGiveran, consultants, Milwaukee, "Split Dollar."

Victor E. Henningsen, actuary, was toastmaster at the final night's dinner dance.

Prudential paid total benefits of \$740,642,000 during the first half of 1961, a record. The prior record for first-half benefit payments was \$680,539,000 established last year.

SPECIAL REPORT FROM CHICAGO:

For 75 Historic Years...



Since 1886 . . . three-quarters of a century of growth and progress . . . North American has attained the enviable position as one of America's oldest and soundest insurers.

North American's sharp growth pattern over 75 years is etched in sales success. Perhaps you are the General Agent seeking sales success. If so, write:

Since



1886

THE NORTH AMERICAN COMPANY
FOR LIFE, ACCIDENT AND HEALTH INSURANCE
209 S. LA SALLE STREET • CHICAGO 4, ILLINOIS

Operating in 48 states and the District of Columbia

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Financial 6-9792

THE SALE COMES QUICKER

with a plan for every prospect

You'll take less time — yours and your prospect's — when you sell health insurance for Mutual of Omaha. Your prospect wants the best protection at the lowest possible cost. You can be the good neighbor who provides it. Mutual of Omaha helps you sell Income Protection with the Lifetime Benefits feature, Family Hospital-Surgical and Major Medical coverage *plus* special plans for senior citizens and many persons formerly considered uninsurable. It's modern, low-cost protection for people of all ages.

Your prospect will especially welcome Mutual of Omaha's famous Lifetime Renewal Safeguard, a feature that protects him from cancellation of his coverage because of changes in his health.

Make it easier on yourself by offering the plans that can be tailored to most every prospect's health insurance needs. Write for details on a career of more and easier sales. Write to Howard Dewey, Mutual of Omaha, Omaha, Nebraska.

Mutual
OF OMAHA



*your
good
neighbor*

Mutual Benefit Health & Accident Association
HOME OFFICE: OMAHA, NEBRASKA



N. J. Replacement Proposal Hearing Set

(CONTINUED FROM PAGE 1)

available on request of the department of banking and insurance."

The written-proposal requirement reads: "Every licensee of this department authorized to solicit the purchase of life insurance in this state, in soliciting coverage where replacement or other change in an existing policy or policies is suggested, must present to the prospect a written proposal signed by him setting forth all the facts, including a clear and concise summary of the advantages and disadvantages in making the replacement or change. A copy of this written proposal must be retained by the licensee for a period of at least one year and made available on request to the department of banking and insurance."

The wording of the notice that the agent would have to deliver to the insured whenever a replacement or change is proposed would read as follows:

NOTICE TO POLICYHOLDER

1. This notice to you is for your protection and is required by regula-

tion No. (1961) of the New Jersey department of banking and insurance, Charles R. Howell, commissioner.

2. You are entitled to and should receive from the person soliciting insurance a written proposal signed by him setting forth all the facts relating to your present insurance coverage and the advantages and disadvantages of changing to the proposed coverages.

Where To Get Comparison

3. In every case, it is to your advantage to secure the advice and recommendations of your present life insurance company regarding the proposed replacement or change in existing policies. You may secure such comparison by notifying your present insurance company or its agent about the proposed replacement or change. In the event the replacement or change suggested is presented by a person representing the company in which you already have existing insurance, you are entitled to secure the views of the home office of this company regarding

the desirability of such replacement or change.

4. If you are considering replacement of your present insurance, you are advised that as a general rule it is not to your advantage to drop or change any of your existing life insurance for the purpose of replacing it with new life insurance in the same or another company. Some of the reasons for this are as follows:

(a) Premiums increase with age and therefore the new premiums will be higher for a comparable policy.

(b) The issue of a new policy involves relatively high initial or acquisition costs. To start paying such acquisition costs all over again on a new policy will cost more than to continue a comparable older policy.

Mentions Contestable Period

(c) Due to the customary contestable period (generally two years), it is entirely possible that a claim which would be payable under an existing policy would be denied under a new policy.

(d) Older policies quite often contain certain provisions which are more favorable than under new policies, such as, for example, provisions for life income settlement options.

(e) Your present insurance company can often make the desired change on terms which would be more favorable to you than if you replaced your existing insurance with new insurance.

For the above reasons it is also generally not to the policyholder's advantage to put the original policy on reduced paid-up or extended insurance in order to have sufficient funds to pay premiums on a new policy in the same or another company.

There may be a few very occasional cases where a replacement might be to your advantage. However, your best protection in every case is to secure the comments and views of your present insurance company before arriving at any decision on such an important matter.

NO CONTROVERSY SEEN

NEW YORK—No objections to the New Jersey department's proposed anti-replacement regulation on the part of industry representatives are regarded as likely, at least as respects the objectives and the general means of accomplishing them. However, there will doubtless be requests for changes in language in some particulars. For example, one company executive pointed out that in its present form the regulation would require a written presentation and the standard warning to be given to the buyer even when only a term conversion was involved.

The New York department is studying the replacement problem, with a view to strengthening its anti-replacement laws and regulations. New York has for some time required that an application for life insurance state that it is to replace another contract, if that is the case. However, the requirement is rarely observed, because the agent knows that an affirmative answer is likely to cause delay in issuing the policy and necessitate his justifying the replacement sale. The department's regulation 39 makes the replacing company jointly responsible with its agent for seeing that the replacement is actually in the buyer's best interest. Some agents have gotten the impression—sometimes, it appears, with a sound basis for the belief—that their companies don't mind getting replacement business as long as the company is not officially aware of it.

Studies aimed at determining what kind of legislation the companies might

125 Leading Producers Attend Aetna Life's Last Regional Meet Of '61

Aetna Life concluded its series of this year's meetings of the Corps of Regionnaires with a conference at White Sulphur Springs, W. Va., which was attended by 125 of the company's leading producers. It was the fourth meeting and the second at White Sulphur Springs.

5 Get Special Recognition

Five men who qualified for the leaders organization in each of the 33 years since it was founded were given special recognition during this conference. They were Harley F. Berry, Omaha; Harry G. Feldman, Pittsburgh; Henry G. Robbins, Philadelphia; and H. Cochran Fisher and F. N. Stricklin Sr., both of Washington, D.C. Five other honor guardsmen qualified 25 times or more.

Speakers at this final meeting included Henry S. Beers, president; John A. Blanchfield, vice-president and director of agencies; John O. Braswell, Little Rock; Billy G. Yount, Tulsa; Robert B. Coolidge, senior vice-president; Charles H. Kreher, Saginaw, Mich.; Hubert R. Enders, manager of A&H sales; Foster A. Vineyard, Little Rock; Roy F. Mitte, Corpus Christi, Tex.; Karl W. Punzak, manager of advanced underwriting sales, and R. H. Nicholls, supervisor of pension trust sales.

A total of almost 500 producers qualified for the series of four conferences.

Way-Means Urged To Review Decision

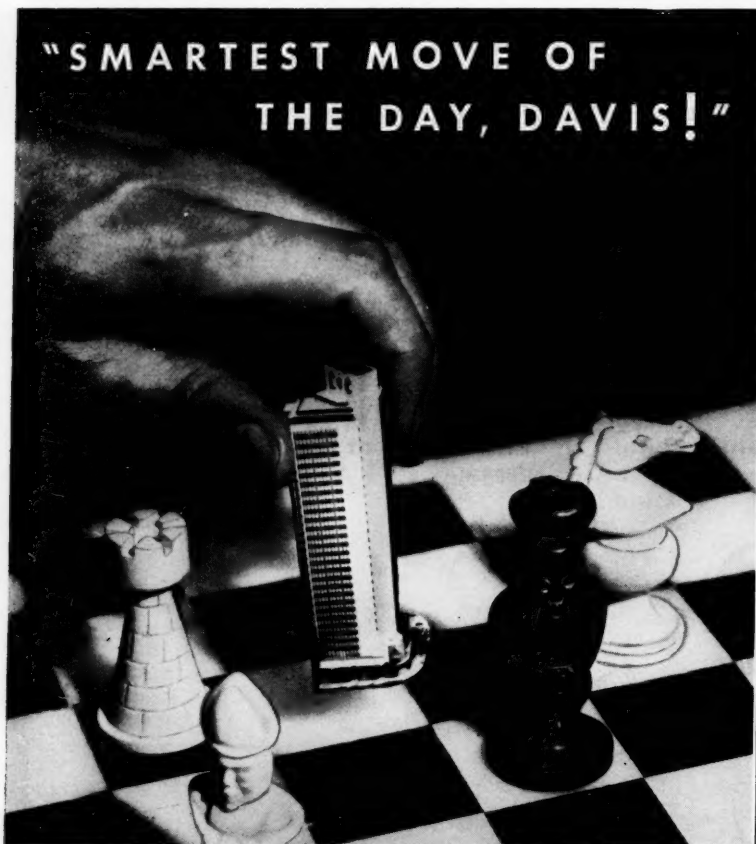
(CONTINUED FROM PAGE 4)

ny before the committee during hearings of the proposal in May, when they described the vast complications which would arise from requiring life companies to withhold on interest payments, the ALC and LIA said:

"The committee's tentative decision to relieve the hardship of withholding in the case of persons who expect to have no tax liability not only removes none of these difficulties but adds very materially to them. In our opinion, it underscores the impossibility of developing any practicable and equitable withholding system. The difficulties and hardships are apparent; the improved revenue results are not. As we said in our earlier statement, we agree that the failure of individuals to report interest and dividends is unfair to those who pay all of their taxes, and it is our desire to cooperate with the government in its effort to improve tax collection procedures.

"We believe, however, that the proper answer to tax collection is taxpayer understanding and adequate enforcement. We therefore repeat our recommendation that the concentrated educational program begun by the Treasury late in 1959 be continued so that its result may be properly assessed, and that improved enforcement be brought about through the introduction of automatic data processing and taxpayer account numbers."

sponsor if they decide to seek a legislative curb on replacement are understood to be getting under way. When American Life Convention and Life Insurance Assn. of America decided on asking the National Assn. of Insurance Commissioners at its June meeting to adopt a resolution on notifying the public of the hazards of replacing, the associations also decided to undertake a study of legislative remedies.



"Smart of you to choose Life & Casualty of Tennessee for your group insurance case, Davis."

"Thank you, sir. But since L & C offers such a complete line of group coverages, such as Major Medical, Creditor Group Life, Bantam, and the like, there was really no choice."

Jim Rundie
Group Insurance Director



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Home Office Changes

John Hancock

Howard D. Allen and E. James Morton have been made associate actuaries. Mr. Allen joined the company as assistant actuary in 1957. He was previously with Pan-American Life and New York Life. Mr. Morton became a fellow of Society of Actuaries in 1957 and was made assistant actuary in 1958.

Albert H. Forsythe Jr. has been made assistant group actuary. He has been with the company since 1951. He is a fellow of the Society of Actuaries and was an instructor for candidates to the society at Boston.

Mutual Of New York

Ralph W. Shaw, district farm mortgage manager at Albany, Ga., has been made assistant to the 2nd vice-president for farm mortgages. Before joining Mutual he was with Metropolitan. Succeeding him at Albany will be William R. Allen, currently in the home office mortgage department.

Employers Life

Frank P. Ratto has been made assistant agency director. He has been with Equitable Society at Boston and brokerage manager there for Occidental Life of California.

Pan-American Life

Warren A. Nelson has been named assistant training director. He was New Orleans district manager for Lincoln Liberty Life.

Massachusetts Mutual

Ogden R. Reid, former ambassador to Israel and former president and editor of the New York Herald Trib-

une, has been elected a director. He previously served on the board from 1957 to 1960. He has recently been made commissioner on the New York Commission Against Discrimination.

Boston Mutual Life

W. Frank Hancock has been made vice-president and director of district agencies. He entered the business with Metropolitan Life and several years later became a consultant with LIAMA in Hartford. Before joining Boston Mutual he was vice-president of Cherokee Life of Nashville. He is a CLU.

John C. McNeff Jr. was made vice-president—group insurance and David F. Devine, group secretary. Mr. McNeff has been manager of the group insurance department since 1956. He was special group representative for Connecticut General and then assistant group manager in Newark.

Mr. Devine has been assistant manager of the group department and previously was in the group department at John Hancock in Boston and Cincinnati.

Mutual Trust Life

Philip F. Embury has been named an officer of Trust Life. He joined the company in 1960 as director of sales, a position he retains.

Pacific Mutual Life

William P. Fuller 111, president B. R. Funsten & Co., San Francisco, has been named a director.

NATIONAL EQUITY LIFE of Little Rock has named Franklin Seford—for many years director, secretary and chief administrative officer—administrative assistant to President M. C. Reese Jr.

UNITED FOUNDERS LIFE—Jack W. Roberts, a former examiner for the Oklahoma department, has been named assistant to the president.

NORTH AMERICAN LIFE of Toronto has named L. V. Tibert director of agencies and H. D. Case a superintendent of agencies.

FUNDED SECURITY has appointed Joseph J. McCarthy assistant to the vice-president of agencies. For the past two years, Mr. McCarthy has been field director of Illinois Mid-Continent Life.

NORTHEASTERN LIFE has appointed C. F. Ricciardelli associate actuary. He was in the actuarial department of Equitable Society before joining Northeastern.

LINCOLN AMERICAN LIFE of Memphis has named Roy A. Bengel and C. R. McFarland sales training instructors. Mr. Bengel has been district manager at Memphis and Mr. McFarland assistant district manager at Memphis.

William Breiby has been elected chairman of **WESTERN TRAVELERS LIFE** of Los Angeles, and Lowell B. Martin moves up from executive vice-president to president. Charles H. Church, vice-president and general counsel, was elected secretary also, and George L. Davisson, chief underwriter, becomes assistant secretary.

Michigan Life reports that Herman B. Streit, Detroit, led all A&S producers during the first six months.

Home Office Underwriters Earn Proficiency Awards

A total of 112 home office life underwriters will be awarded certificates of proficiency from the joint education and examination committee of Home Office Life Underwriters Assn. and Institute of Home Office Underwriters. A certificate is awarded for having passed parts one and two of the examination given jointly by the two organizations.

Part one of the examination will be given next year on May 17 and part two on May 18. Examinations are usually taken in the home office of the company where the underwriter is employed under the supervision of a member of HOLUA or the institute.

New Iowa Company

Articles of incorporation have been filed for Farmers Life of Des Moines, a stock company with authorized capital stock of \$500,000. The company is wholly owned by Farmers Elevator Mutual of Des Moines.

Listed as officers of the new company are Milford M. Beeghly, presi-

dent; R. L. Edison, executive vice-president; F. J. Ludwig, vice-president and D. E. Edison, secretary-treasurer. All are with the parent company.

National Life Of Okla. And Security American Merge

The proposed merger between University National Life of Norman, Okla., and Security American Life of Memphis has been approved by the Tennessee department.

The combined company will be known as University National Life and will maintain headquarters in Memphis.

Wayne Wallace, president of the Norman company, becomes chairman of the combined company, and Marshall P. Scott, president Security American, becomes both president and treasurer.

In the consolidation, stockholders of University National are to be issued 4½ shares in the combined company for each 11 shares now owned.

Western Pacific Life has been licensed in Washington and Idaho.



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NEW
FORMULA
FOR
SUCCESSFUL
SALES!

$$100Nx+1-100(Rx+1-Rx+9+1)+100gMx-3+1$$

$$\frac{Dx-Mx+Mx+3+1}{1+L}$$

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uses modern experience in investments . . . management and plans to give you the lowest annuity rates in 20 years.

Male at age 65—\$100 a month for life—\$13,910

\$100 a month for life

Guaranteed 20 years—\$18,410

\$100 a month for life

Guaranteed 10 years—\$15,150

Greater discounts by size of deposit. Crown's Immediate Annuities—all ages—all forms—all sizes—go modern for less!

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To: Brokerage Development Dept.
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120 Bloor St. East, Toronto, Canada.

Please send me your new formula for low cost immediate annuities.

To _____

July 30-Aug. 5, CLU institute, University of Wisconsin, Madison.

Aug. 13-19, CLU institute, University of Colorado, Boulder.

Aug. 21-23, International Federation of Commercial Travelers Insurance Organizations annual, La Ponda Hotel, Santa Fe.

Aug. 28-Sept. 1, National Insurance Assn., annual, Sheraton-Park Hotel, Washington, D. C.

Sept. 17-20, International Claim Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.

Sept. 20-22, Life Insurance Advertisers Assn., annual, Sheraton-Dallas Hotel, Dallas.

Sept. 24-26, National Assn. of Life Underwriters, annual, Denver Hilton Hotel, Denver.

Sept. 25, Fraternal Actuarial Assn., annual, Netherland Hilton Hotel, Cincinnati.

Sept. 25-27, Life Office Management Assn., annual, Shoreham Hotel, Washington, D. C.

Sept. 25-27, National Fraternal Congress, annual, Netherland Hilton Hotel, Cincinnati.

Oct. 9-10, Conference of Actuaries in Public Practice, Sheraton-Blackstone Hotel, Chicago.

Oct. 9-13, American Life Convention, annual, Edgewater Beach Hotel, Chicago.

Oct. 10, Insurance Economics Society, annual, Edgewater Beach Hotel, Chicago.

Oct. 18-20, Institute of Home Office Underwriters, annual, Jung Hotel, New Orleans.

Nov. 6-9, Life Insurance Agency Management Assn., annual, Edgewater Beach Hotel, Chicago.

Nov. 13-15, Health Insurance Assn., individual insurance forum, Sheraton Hotel, Philadelphia.

Nov. 13-15, Society of Actuaries, annual, The Greenbrier, White Sulphur Springs, W. Va.

Dec. 4-8, National Assn. of Insurance Commissioners, regular meeting, Baker & Adolphus Hotels, Dallas.

Dec. 11-12, Assn. of Life Insurance Counsel, annual, Waldorf Astoria, New York City.

Dec. 13, Institute of Life Insurance, annual, Waldorf-Astoria Hotel, New York City.

Dec. 13-15, Life Insurance Assn., annual, Waldorf-Astoria Hotel, New York City.

Dec. 27-29, American Risk & Insurance Assn. annual, New York City.

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- No executive experience necessary.

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INSURANCE COMPANY

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Changes In The Field

Prudential

Donald H. Owens, former manager of Prudential's Pomona, Cal., district agency is now in charge of the San Diego east district agency. He started with the company at San Diego in 1939. By 1941, he ranked fifth among district agents in the entire company. Mr. Owens was promoted to staff manager in 1948 and in the next year was assigned to Los Angeles as training consultant. Two years later, he was named manager of field training. He served as manager of the Pomona district from 1952 to his current assignment.



Donald H. Owens

district manager at Biloxi, Miss., and Gulfport Miss. He is past president of Gulf Coast Life Underwriters Assn.

State Mutual Life

Thomas J. Angle has been appointed manager at San Jose, Cal. He has been assistant manager for Pacific Mutual and before that was with Northwestern Mutual.



Thomas J. Angle

Security Mutual Of N.Y.

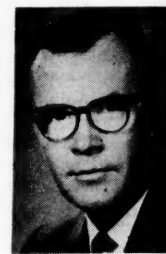
Paul Richards has been appointed general agent at Garden City, N.Y. He entered insurance in 1956 with Prudential in New York City, and has recently been that company's division manager at Garden City.

New England Life

John C. Zimdars has been made manager of the new general agency in Madison. He represented the Milwaukee agency at Madison. He is a life member of the Million Dollar



Robert H. Schacht



John C. Zimdars

Round Table and is president of Wisconsin State Assn. of Life Underwriters.

Robert H. Schacht, Toledo manager, has been made manager at Newark, succeeding C. Vernon Bowes, who retired June 1. Mr. Schacht joined the company in 1948, and was made assistant agency director at Boston in 1956. He is a CLU.

Merlyn D. Allen, sales director at Toledo, has been appointed manager at Toledo. He joined the company in 1956. He is a CLU.

John Hancock

H. Walter Werme, Fort Lauderdale unit manager for the Miami agency, has been made general agent at Orlando. He joined the company in 1957 at Erie, Pa.



H. Walter Werme

New York Life

Merrill H. Lundgren has been named manager at Detroit. He has been regional superintendent of training at Chicago, and previous to that was manager of the South Shore Chicago office.

Replacing Mr. Lundgren as regional superintendent of training is Edward G. Murphy, who has been manager at

Manhattan Life Of N.Y.

J. Harold Flynn has been made general agent at Little Rock. He was vice-president and agency director of American Life & Annuity of Little Rock and prior to that was with Interstate Life & Accident at Fort Smith, Ark.



J. Harold Flynn

Jefferson Standard Life

Milton B. English, supervisor at Meridian, Miss., has been appointed manager at Little Rock. He has been

AMERICA'S INFORMAL BUSINESS CAPITAL

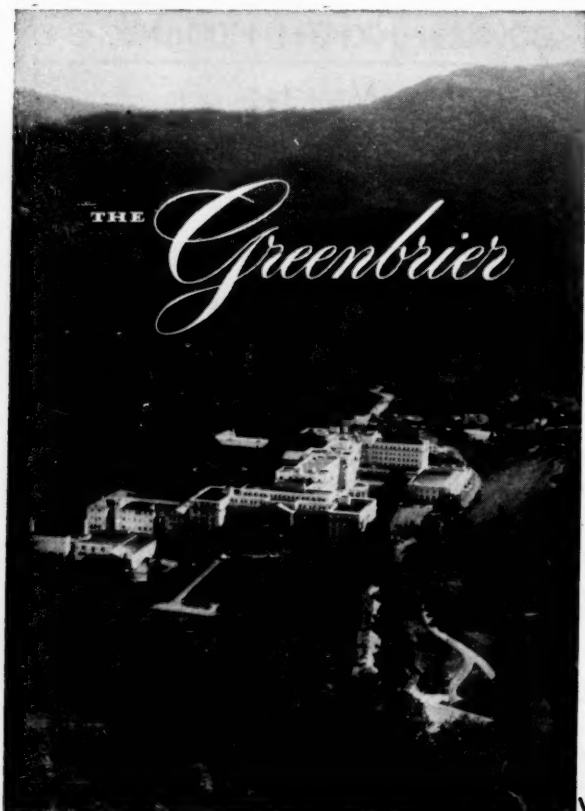
You will find at The Greenbrier the perfect setting for your conference, whether it be for ten or a thousand people. The new, air-conditioned West Wing has an auditorium with a 42-foot stage, new sound and projection machines, splendid banquet arrangements, a theatre with a CinemaScope screen. *Ready soon will be our new 17,000 square foot exhibit hall.* For after-session enjoyment The Greenbrier's recreational facilities are unsurpassed. And our staff of experts not only helps in planning your program, but they also handle the details to carry it through *successfully*.

Special Winter Rates available on request. Include a spacious, luxurious room and The Greenbrier's traditionally fine meals, green fees (our courses are playable much of the winter), swimming in mosaic tile indoor pool, membership in the Old White Club and gratuities to service personnel. EFFECTIVE DEC. 1, 1961—FEB. 28, 1962.

FOR INFORMATION write Charles L. Norvell, Dir. of Sale, Also reservation offices: New York, 630 5th Ave., JU 6-4500 Boston, 73 Tremont St., LA 3-4497 • Chicago, 77 W. Washington St., RA 6-0624 • Washington, D. C., Investment Bldg., RE 7-2642 • Glen W. Fawcett: San Francisco, 1029 Russ Building, YU 2-6905 • Seattle, 726 Joseph Vance Building, MU 2-1981 • Dallas, 211 N. Ervay, RI 1-6814 • Los Angeles, 510 West Sixth Street, MA 6-7581.

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- Group Life

Gary, Ind., and assistant manager at Indianapolis.

John P. Shine, northeastern regional superintendent at Boston, will replace Mr. Murphy at Gary. He has been assistant manager at Buffalo and manager of the New Hampshire office. All of the appointees are CLU's.

Paul Revere-Mass. Protective

Winfield C. Ten Eyck and Frank G. Stone have been named brokerage man-



Frank G. Stone



Winfield C. Ten Eyck

agers in New York City and Newark respectively.

Mr. Ten Eyck has been brokerage supervisor for Mutual of New York in New York City. Mr. Stone has been general agent for Paul Revere at Philadelphia since 1954.

United States Life

The Bernard Bergen agency has been appointed general agent. Formerly with Mutual Trust Life of Chicago the agency has specialized in brokerage service, business insurance and pension trust selling. So far this year, it has paid for \$12.4 million of life insurance. It has more than \$100 million in force.

The agency plans to continue its annual training courses for brokers

and also the monthly round table, a series of seminars on a more advanced level.

Continental Assurance

Theodore F. Hodax has been appointed manager at Clayton, Mo. He has been in the business six years. Mr. Hodax is a graduate of LUTC and qualified for Continental's Pyramid club his first year with the company.



T. F. Hodax

Bernard A. Flowe has been named manager at Los Angeles. He joined Continental in 1956 at Chicago, where, four years later, he became assistant manager.

Occidental Of Raleigh

Robert G. Thomas has been named manager at Corpus Christi, Tex., and Paul E. Voss manager at Thornton, Colo.

Pan-American Life

William N. Pittman Jr. has been made group manager at Baton Rouge and Lafayette, La. He has been in the group insurance field with Occidental Life.

Southland Life

Joseph D. Abell has been named a field assistant and will work out of the home office.

Massachusetts Mutual

John F. Tapson has been made group pension representative at the Los Angeles group office.



GROUNDLED?

A bird can't fly on one wing. And an insurance agent can't raise his earnings without something appealing to sell. For a LACOP representative, the sky's the limit. LACOP uses insurance techniques creatively . . . molding the policy to suit the particular situation. As a result, our agents can—and do—sell more insurance to more types of people. LACOP really gives a man the chance to get off the ground. Are you flying as high as you'd like?

LACOP's Renewable and Convertible Plans provide maximum coverage at minimum cost . . . enable a male aged 40 to purchase \$50,000 of 10-year Renewable and Convertible Term at a cost of \$8.69 per thousand. Find out how this and other LACOP plans can substantially increase your earnings. For a confidential interview regarding fine opportunities in Maryland, Florida, Louisiana, and Western Pennsylvania, write Sherman J. Edelman, Executive Vice President.

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- All Forms of Life Insurance
- Minimum Deposit Programs
- Group Life—Accident and Health



- Guaranteed Renewable—Accident and Sickness
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ASK THE MAN WHO WEARS ONE . . .



The man who has earned the key of the Chartered Life Underwriter finds new prestige among his clients, his associates and the public at large. He also finds a deep personal satisfaction in the knowledge that he is better equipped, through broad technical and academic training, to provide professional underwriting service.

The Jefferson Standard encourages and supports the Chartered Life Underwriter movement. For many years the Company has shared liberally with its agents the cost of participating in the C.L.U. program. Today the C.L.U. designation is more important than ever.



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Jefferson Standard

LIFE INSURANCE COMPANY

Home Office: Greensboro, N.C.

OVER TWO BILLION DOLLARS OF INSURANCE IN FORCE

Tells Methods For Successful A&S Close

(CONTINUED FROM PAGE 6)

point of considering the fact that he might have something more serious than a common cold. This is also helpful in the event the policy is rated or ridered as the insured in many cases will be glad to get a policy because he is prepared for the fact that he may not be an excellent risk.

Negative Psychology

Because of the negative psychological reaction many people present when they are faced with a fountain pen and application, I have found this mechanical process of working into the close very helpful in my past activities. While asking the health questions in reviewing the application, I prefer to start the actual writing with pencil notations because it seems to alleviate a certain amount of the psychological fear that a pen on white paper brings to many people. It is not too difficult while and completing the application so that point. This gives you a perfect reason using the pencil and marking in short answers or check marks to press a little bit hard and break the pencil for replacing the pencil with your pen the information and applicant's signature is made with ink.

After asking him each individual question, and discussing it thoroughly, I then recommend working through the application backwards and asking the question: "If we have any correspondence with you, shall we write to you at your business or your residence?"

Actually, what we are asking him is whether he wants premium notices sent to his business or residence—this is an easy way of letting the insured decide which address he uses. If he answers this question, I assume it as implied consent.

Insured Participation

When we ask the question regarding what doctor he has seen, it is very helpful to ask him to please look in the telephone book to give you the proper spelling of the doctor's name and his exact street address. This will not only help your home office underwriter in issuing the policy, but it also has a good effect on the insured as he now has taken an active participation in the application itself. There is a natural reluctance for him to see the writing discontinued since he has taken such a step in the completion of it.

Continue through the questions such as employment and exact duties, questioning carefully on the exact nature of the duties, on up to getting the man's full name near the completion

of the application. Once you receive his full name, then I prefer to sign my name at the bottom of the application as the witness, date the application, hand the application and pen to the applicant and ask him to please verify that the statements I wrote on the application are correct.

Method Works

Some insurance men have questioned me on this point and have asked if I ever felt that I was "bootlegging" by entering a close that way. I have never had that feeling because this method has helped me considerably in closing business. Therefore, it has also helped the insured. When we help a person to buy a contract protecting his income in the event of his loss due to disability, we have done him a real service, and if this type of closing is the one that will help the prospect to buy, it is the best for him.

In securing referred leads there are three methods which I have used when actually selling; I will outline them separately. The first one we are all well aware of and is used to overcome the reluctance of the applicant to give you names of other people. The approach is: "Do you know anyone else who is in a business for himself in a situation such as yours? Do you know anyone else who has recently married? Do you know anyone else who recently has been advanced in his business?"

Uses Third Party Approach

If this style seems to be inappropriate to the individual prospect, I use a third party approach with a prerequisite of having one basic bit of knowledge. This knowledge starts a chain reaction. The information I must know is the name of the closest friend of the man to whom I am speaking. Let's assume that the closest friend's name is John Thomas. I then say: "Mr. Prospect, I have known of the wonderful relationship between you and Mr. John Thomas for quite some time, but I am curious as to who beside yourself is a good friend of John Thomas?"

The surprising thing is that in many cases this other best friend is a rival for the friendship of John Thomas. The prospect has no reservation himself of giving you the third party name and telling you a bit about that person. This process should evoke the answer that John Thomas' other best friend is Harry O'Brien.

When you see John Thomas your question would be: "By the way Mr. Thomas, who beside yourself is an excellent friend of Harry O'Brien?" As

you can see, this starts the circle and it has helped me considerably in securing names.

The third method for securing referred leads is done either at the time of the sale or at the time of delivering the policy. It does not make too much difference but it depends on the frame of mind of your applicant, and this only you can judge. For our example, let us say that it is at the time of sale and you say, "Mr. Thomas, what you have done today is a wonderful thing, not only for yourself, but also for your family. It truly takes quite a bit of foresight for any man in today's fast moving times to think of protecting his family first and even perhaps doing without a luxury immediately for the sake of this protection. I think that through your actions I can certainly help a friend of yours if you will let me discuss with him what you have done here in this unselfish vein, as it may help him to see the light. Do you mind if I speak with Mr. Harry O'Brien?"

Generally Mr. Thomas would like you to tell Mr. O'Brien what a big guy he (Thomas) is by protecting his family via income protection! This is very helpful in the sale, as when seeing Mr. O'Brien the approach is based on: "Here's what this policy does for Mr. Thomas."

Third Party

If O'Brien and Thomas are friendly the chances are that they are in the same social and financial category and what's good for one is generally good for the other. A third party influence in this case helps greatly with the sale.

Delivering the policy is perhaps the most exhilarating part of the entire selling process as the sale has finally been completed, the policy has been issued and this should be a happy occasion for the applicant. The policy should only be mailed on very rare occasions since without the personal contact with the insured you may lose a lot of future benefits.

Should Be Congratulated

When delivering the policy the applicant should be congratulated on the splendid job he has done in being far-sighted in purchasing this coverage. He is also to be congratulated on the fact that the company issued a policy for him. If it is standard and you have a feeling that he can apply for more, you might also tell him: "It's not only wonderful enough that you have been able to get this coverage, but it looks as if my company thinks enough of you to even issue additional coverage."

If he is interested in more coverage

Aetna Life's Third Regional Sales Meet Draws 175 Leaders

Nearly 175 Aetna Life leading producers attended the third in this year's series of four Corps of Regionnaires conferences, this one at White Sulphur Springs, W. Va. Two previous regional meetings were reported in an earlier issue.

Arthur E. Hicks and Rudolph LeBoy, both of Chicago, were given special recognition for having qualified for the sales leaders organization in each of the 33 years since it was formed. Other honor guardsmen, those who have qualified 25 times or more, were William G. Adams, Toledo; M. Hendrix Davis Jr., Houston; Abe Diamond, Jacksonville, Fla., and James C. Wade, Indianapolis.

Speakers at this meeting who also addressed the earlier regional conferences were Henry S. Beers, Aetna Life president, John A. Blanchfield, vice-president and director of agencies, Robert B. Coolidge, senior vice-president, Hubert R. Enders, manager of A&H sales, and Karl W. Punzak, manager of advanced underwriting sales. Mr. Punzak at this meeting led an advanced underwriting seminar along with William J. Burns, supervisor of pension trust sales.

Henry W. Ball, Atlanta, discussed Aetna's estate control plan and J. O'Neill, Baltimore took as his title for an inspirational address "Right from the Heart—I Sell."

William J. Trombley, Dallas, spoke on business life insurance. Marvin T. Benson, Miami, covered the subject of group sales, with emphasis on Aetna Life's group life with paid-up values. William G. Adams, Toledo, discussed the prerequisites to life insurance sales success.

Almost 500 producers have qualified for the series of conferences.

Nigeria's Udochi To Speak At Supreme Life Banquet

Principal speaker at Supreme Life of Chicago's 40th anniversary banquet will be Julius Momo Udochi, Nigerian ambassador to the U.S. The gala affair will be held at Chicago's McCormick Place, Aug. 16.

Radio and TV interviews, and a press conference have been scheduled for Ambassador Udochi. Tours of the city, and business and financial institutions are also being arranged.

you have opened the way for the conversation. If he is hesitant about accepting the policy, many times he will accept it because he feels that you might try to sell him more.

Now All the New Social Security Changes Can Be Your Stepping Stones to Income



Social Security Manual for Life Underwriters

Up-to-date, 5 1/2" x 7 1/2", question and answer, pocket-guide to Social Security for use in programming prospects and in training new agents. Completely indexed and arrow-guide marked to provide instant answers to any Social Security question the life underwriter may encounter in the field. Loose-Leaf Plastic Spiral Bound for extra handling ease. Ample space for imprint.



Actual size: 5 1/2" x 7 1/2".



Social Security Slide-O-Scope

Now, due to changes in the law, more important information than ever before is packed into this simple, inexpensive pocket-slide! It computes with attention-compelling interest all survivor and retirement benefits automatically—no chance for error. Simplest method yet devised to determine AMW and PIA without computation or outside reference. Saves valuable time; helps newest agent build quick confidence in his question-answering ability. Excellent advertising "give-away" to centers of influence. Eye-catching space for imprint.



Actual size: 3 1/4" x 6 1/4".



Social Security In a Nutshell

Simple, concise 20-page discussion of Social Security in the miniature wallet-size that prospects like, and like to carry with them for ready reference. Answers most questions that come to mind... even enables the prospect to figure with ease various amounts of Social Security benefits! Handy size for mailing, it is excellent "pre-approach" or "after-interview" goodwill and prestige builder. Plenty of good imprint space, too.



Actual size 2 3/4" x 4 1/4".



Four page, two-color Visual Selling helps the life underwriter quickly and accurately Social Security benefits insurance. Gets prospective attention as it "step by step, his financial Shows income from Social Security and present income lives or dies, and more". Provides the approach for fact-finding sale. Valuable space for imprint.

Be Among the First in Your Area to Profit from the Changes... Her Life

DeWitt Stern Explains How Broker Uses Health Insurance In One-Stop Selling

How health insurance can be used as an entree to or an important and integral part of a complete insurance program was discussed by DeWitt Stern, head of the New York brokerage agency of DeWitt Stern, Gutmann & Co., at the annual meeting of International Assn. of Health Underwriters in New York. A digested version of his speech follows

By DEWITT STERN

There are three approaches to the sale of health insurance. The first approach is that of the agent who sells only this one commodity. This man is a full-time agent of an accident and health company.

The second approach is that of the man who sells disability insurance as a part of the life insurance program of his prospect or sometimes just uses this motivation as a lead to the sale of life insurance. This man is usually a full-time representative of a life insurance company.

Third third approach is that of the man who sells health insurance as an integral part of an entire insurance program. This man is usually an insurance broker although in some cases he can be an agent of a multiple-line company.

One Representative

Let me say first and loudly that I believe in one-stop insurance service. In fact, I believed in it before I had ever heard this expression, but my conception was that a business or an individual should have one insurance representative or broker—not that the insurance man should represent one company. This is not an original thought on my part—as brokers have existed in this country for well over 100 years and in England for much longer; however, very few brokers, until recent years, cared much about selling health insurance.

Therefore, please understand that unlike many of you, ladies and gentlemen, I am not interested in selling a prospect health insurance per se. I am only desirous of selling this vital coverage as an entree to or as a part of an entire insurance program.

It has been amazing to me in my 29 years in this business to have seen many analyses of corporate insurance accounts with no reference whatsoever to health insurance protection. There are continual references to contingent business interruption insurance, valuable papers coverage, sales-

man's sample floaters, and I am not underestimating the importance of any of this coverages as I myself sell them all, but what is more important is the continued prosperity of a business than the protection of its key executives against disability? What is more important to good labor relations and a fine morale in business enterprise than the protection against major medical expenses for all of the firm's employees?

A corporate executive who has been approached by many insurance brokers who wish to survey the fire or liability hazards in its plant has very rarely, or ever, been approached on the health insurance angle.

A&S Coverage Too Small?

In 1950 when the New York State disability law became effective, many brokers and agents did not even want to bother writing this insurance for their clients or prospects as they considered it too small a matter to bother. How foolish they have been? I firmly believe that there is nothing in which the average man is more interested than the health of his family and himself and this applies to the corporate executive as well as to the day laborer.

I might list five different ways in which this matter has been successfully approached by me.

—Does your firm carry major medical insurance or only Blue Cross?

—Does your group life insurance program include disability benefits? The usual answer is: "I don't know," which again provokes a discussion.

—Has your firm taken advantage of the internal revenue code provision on credit for sickness insurance and sick pay?

This question engenders a likely discussion. —When your executives or salesmen travel, do you hope they will buy insurance at the airports or do you make sure of protection by having an annual policy?

This, in my opinion, is one of the most neglected fields of corporate insurance protection.

—This only applies to certain states: Is your compulsory disability insurance retrospectively rated?

And the usual answer is: What does retrospective mean?

You will note that my approach is being targeted toward a group insurance basis but I want to emphasize that I do not neglect by any means the sale of individual disability cover-

age to all the key people in the organization.

I, frankly, no longer solicit individual health policies by themselves as I cannot afford to do so, which, again, is the difference between a broker and an agent.

I do a large life insurance business, again mostly on the corporate basis. The most fertile question in this field is: "Does the funding of your buy and sell agreement include disability insurance protection?"

I would venture the opinion that only one out of 50 buy and sell agreements funded by Life Insurance carries any form of disability insurance provisions outside of the waiver of premium clauses. Try this question yourselves sometimes, and make profit from the responses.

Or if your partner was sick for 10 years, would you and he receive the same salaries?

A&S As Entree

My topic is "How a Broker Sells Health Insurance." I should like to reword this for a minute to "How a Broker Sells Health Insurance as an Entree to an Entire Insurance Account."

It has been my practice for many years in selling this coverage to ask the client when completing the application for this insurance, "How much life insurance do you have, on what form and in what company? Do you own a car? What liability limits do you carry and in which company? Do you own a house? For how much as it insured and in what company?"

Thus when a person agrees to purchase the health insurance policy from me he is giving me at the same time a complete picture of his entire insurance problem. I usually can obtain this voluntarily by asking for the policies but why not be one jump ahead of him. I have never refused to write only a health insurance policy for a client, but I have very rarely found that this was the only policy I wrote.

One Qualified Agent

I believe fundamentally that the average individual and corporate buyer of insurance wants one insurance man or organization to serve him in all his needs. He does not wish to call X about his life insurance and Y about his automobile insurance and C about his fire insurance and Q about his house insurance. He wants one qualified person responsible for all his insurance problems.

Conversely it is my opinion that most insurance men spread themselves too thin in trying to take care of too many clients and wear themselves out in trying to develop new prospects.

Want Second Look At Decision To Repeal Group A&S Tax Break

(CONTINUED FROM PAGE 1)

course the type of coverage for which a contingency reserve of this character is particularly appropriate. This coverage is subject to wide fluctuation in loss experience and to the possibility of extremely heavy losses due to catastrophe or prolonged epidemic. In recent years this type of coverage has also suffered losses due to rising hospital and medical costs which can be traced in part to inflation. All of these factors argue for the use of the contingency reserve as sound business practice."

Integrated Legislation

In connection with the effect repeal of the deduction would have on the life company income tax act, the letter said, "This law was developed after protracted study and hearings and in an exhaustive effort to develop a permanent tax structure which would remove inadequacies thought to exist in earlier tax laws applicable to life companies. It is an integrated piece of legislation built around a complicated tax formula involving many special considerations applicable only to the life insurance business. It would seem that it should not be thrown into imbalance by repeal of a significant provision without thorough consideration of its effect on the statute as a whole."

Not Valid Reason

The associations said that they did not believe that reconciliation of the tax treatment of this type of contract between life companies and fire and casualty companies is a valid reason for the repeal decision. The long-term nature of the life insurance business and its reserve requirements do not exist in the fire and casualty field, and it seems entirely inappropriate to seek to conform the tax treatment of the two separate insurance fields in this one area, when the entire framework of the tax laws applicable to them differ fundamentally.

Henry E. Packard, of the Donald B. Williams agency, San Jose, Cal., led all other General American Life producers in the amount of individual life insurance sold during June.

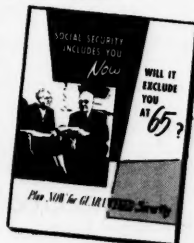
Through educational training and self-improvement there is no reason why the one line insurance man cannot broaden his horizon and service thoroughly a client he already has or will have tomorrow.

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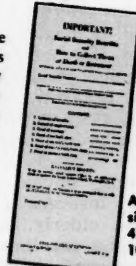


Social Security Record Envelope



Actual size: 8 1/2" x 11".

A 4 1/2" x 10 3/4", heavy Manila Envelope for filing the prospect's record of his Social Security benefits—particularly the "Social Security Includes You Now" Folder—and official documents required to prove ages and family relationships of beneficiaries when Social Security benefits are due. Inexpensive item for "give-away" after analysis or sales interview. Business-building space for imprint.



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- _____ copies "Social Security Manual for Life Underwriters". Prices: Single copy, \$1.95; 10 copies, each \$1.70*
- _____ copies of "Social Security Slide-O-Scope". Prices: 6 copies (min. order) \$2., 10 copies, each .30*
- _____ copies "Social Security in a Nutshell". Prices: 10 copies (min. order) \$1.50; 50, 10 ea.; 100, .09 ea.; 500, .08 ea.*
- _____ copies of "Social Security Includes You Now". Prices: 12 copies (min. order) \$2., 25 copies, each .14*
- _____ copies of "Social Security Record Envelope". Prices: 40 envs. (min. order) \$2., 100 envs., each .04*

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"We must know that this battle of life insurance cannot be fought by ivory-tower home office management decisions alone, but by close, on-the-ground contact with the sales team — the real heart of any marketing organization."

*J. D. Anderson, President
in a speech at LIAMA Spring
Conference, Chicago, 1961*



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Omaha, Nebraska
LIFE • ACCIDENT • SICKNESS • HOSPITALIZATION

Stresses Tax Cost Of Aged Health Care

(CONTINUED FROM PAGE 4)
the ultimate effect of the various means of accomplishing this for our older citizens."

Mr. Rietz pointed out that the pending legislation is a modification of similar legislation rejected at the past session of Congress. Like the rejected legislation, the current bill also provides substantial increases in social security taxes.

"As the committee is well aware, OASDI taxes prior to this year were scheduled to reach 9% in 1969," he said. "With this year's social security amendments the tax rate was increased and the effective date of the ultimate tax rate was advanced one year. Thus, by 1968 the tax rate will be 9.25%. Within six years, with our estimated cost of HR 4222 added to the 9.25% tax rate, workers earning up to \$5,000 per year would, jointly with their employers, be subject to total OASDI taxes of 11%. Secretary Ribicoff has indicated that a 10% total social security tax rate appears to be about the maximum which should be imposed. Based on our estimates, the addition of HR 4222 would result in a total OASDI tax which would exceed this limit.

Pressures Would Be Generated

"It is well to observe that the estimated tax of 11% would cover only those benefits provided and beneficiaries presently eligible under HR 4222. Once enacted, pressures would be engendered to remove the present deductible provision, to cover more forms of health care, to provide care for longer periods of time, and to lower the age limit."

Mr. Rietz invited the committee's attention to the capacity of voluntary health insurance to provide the majority of older Americans with protection against the more serious costs of health care. In illustrating this, he noted that at present the insurance industry estimates that 53% of the non-institutionalized population over age 65 have some form of voluntary health insurance coverage. In the earliest year for which figures are available, 1952, only 26% of the aged population were insured. Thus, in less than nine years the proportion of the aged population with health insurance has more than doubled. In terms of numbers, the 26% insured in 1952 represented only slightly more than 3 million persons, whereas the more than 53% covered today represents about 9 million men and women age 65 and more.

Among the total of almost 17 million aged persons today, about 2½ million, or 14%, are covered under the old age assistance program. Such persons are not apt to have health insurance, but their health care needs are provided through the old age assistance programs supplemented by local governmental and private sources, Mr. Rietz pointed out. A substantial number of additional aged will be eligible for health care under standards set by the Department of Health, Education & Welfare. When proper account is taken of these groups, it becomes clear that well over two-thirds of the present aged are protected for health care costs, said Mr. Rietz.

Citing developments effected by health insurers in meeting the needs of the elderly, Mr. Rietz mentioned (1) mass enrollment programs whereby insurance is offered to all persons age 65 or older in a given state, regardless of present or past condition of health; (2) more than 30 companies offer policies guaranteed renewable

for lifetime for issue to persons over age 65; (3) the aged can be enrolled through associations or groups of retired persons; (4) Connecticut insurers initiated legislation to permit them to join together to provide comprehensive major medical insurance for the state's older citizens; (5) to an increasing extent group health insurance plans are written to continue after retirement.

Another undesirable aspect of HR 4222, said Mr. Rietz, is that it would substitute a new, unproved and expensive approach that would preclude continuing development and improvement in established means by which national health care needs have been "substantially fulfilled."

Huebner Foundation Names Eilers Assistant Director

Robert D. Eilers has been appointed assistant director of S. S. Huebner Foundation for Insurance Education and at the same time has been named an assistant professor of insurance at the University of Pennsylvania. For the past two years Mr. Eilers has been studying under a Huebner Foundation fellowship while completing requirements for a Ph.D. degree in economics. His doctoral dissertation was written on "The Regulation of Blue Cross and Blue Shield."

The president's trophy of **Intercoast Mutual** of Sacramento was won by the Los Angeles group office under Larry Wagon and the Portland, Ore., office headed by Gilbert Woodrow in the district group office production contest.



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Asks Tax Incentive For Aged Health Cover

(CONTINUED FROM PAGE 1)

age of some 9 million aged persons nor would it foreclose further extension of this voluntary coverage.

As to who would receive this tax incentive Mr. Dodson said it would seem logical for any new incentive to go to the person paying for the health protection. Ordinarily, this would be the aged individual himself, a son or daughter or other near relative, or a past or present employer. For the plan to be really effective in the case of a relative, the incentive would need to be made available without regard to the concept of dependency in the existing law, since a fundamental aim would be to prevent dependency by encouraging the advance purchase of insurance protection for aged individuals. However, Congress would have to consider whether to make a tax incentive available in the absence of some traditional or family relationship.

Qualifying Requirements Suggested

As to the type of qualifying requirements that might surround such a tax incentive, Mr. Dodson said Congress would no doubt want to consider limits on the income of the aged individual beyond which the incentive would not apply. Also Congress might wish to confine any new tax incentive to health insurance that would provide at least a predetermined level of benefits.

So far as administration is concerned, Congress might wish to provide that the insuring organization would issue to the purchaser an income tax form similar to the present form W-2. On this form the insurer would certify that the coverage in force met the qualifying requirements for the tax incentive. The purchaser, in turn, would attach the form to his income tax return in order to receive

the incentive.

Mr. Dodson said the two life associations believe the most appropriate incentive would take the form of a tax credit, a direct subtraction from the income tax otherwise payable. This approach would be of greater benefit to those in the lower or middle income brackets, among whom a more rapid insurance coverage could be expected.

"In the case of a tax credit approach, there would be a further matter of determining whether the credit should be a percentage of the cost of the protection or a fixed dollar amount," Mr. Dodson commented. "Because a percentage-type credit would permit the individual who could afford the most expensive policy to get the largest tax reduction, Congress might prefer a flat dollar amount. Such an amount should surely not exceed an estimate of the cost of the minimum qualifying benefits for the tax credit.

"From our committee's explorations, we believe that a tax incentive plan adequate to provide effective incentives for a rapid expansion of health

insurance coverage among our older citizens could be developed at a cost of perhaps one-quarter the cost of HR 4222 (the pending social security measure). The cost of new tax incentives would, of course, fall on general revenue taxpayers rather than social security taxpayers. However, an increase in social security taxes itself tends to reduce general revenues. Moreover, considering the high schedule of social security taxes already in the law, a small decrease in general revenues would be clearly preferable to still further increases in social security taxes."

"Conn. 65" Plan Described

The "Connecticut 65" plan for those able to afford it plus the benefits provided by the Kerr-Mills act for those who can't "can function in a manner which will obviate the need for additional social legislation," the ways and means committee was told by William N. Seery, vice-president of Travelers and chairman of the executive committee of Assn. of Connecticut Health Insurance Companies, which administers the Connecticut 65 plan.

"We have been heartened by the widespread and intense interest in our

first-time experiment on the part of many individuals and organizations throughout the United States and Canada," he said. "This interest has come from such organizations as hospital and convalescent hospital associations, medical societies, golden age groups, state insurance commissioners and other state officials, and other health insurers, as well as from many individuals."

After explaining how the Connecticut 65 plan works, Mr. Seery said:

"We are convinced that large numbers of Connecticut's elderly will be able to afford this coverage, because of the discussions surrounding another bill passed by our Connecticut general assembly this year, taking advantage of the federal legislation enacted last September and known as the Kerr-Mills act. It has been estimated that approximately 37,000 of Connecticut's 242,000 population 65 and over will be eligible for Kerr-Mills aid. We think it is clear that the two systems—private and voluntary on the one hand and public and tax-supported on the other hand—can function in a manner which will obviate the need for additional social legislation in this area."

The best policy...

There's quite a lot of discussion going on nowadays about the kind of life insurance people ought to buy.

We are inclined to agree with Hal Nutt that the best kind of policy is one that will be in force when the insured person dies.

Southwest Management Conference Is Slated For Dallas, Sept. 8-9

The annual southwest management conference will meet at the Statler-Hilton Hotel in Dallas Sept. 8-9.

Speakers include Edward A. Fish, vice-president Variable Annuity Life; Brice McEuen, vice-president Lamar Life; Carr R. Purser, general agent Penn Mutual Life, New York City; Floyd A. Rosenfelt, general agent Connecticut Mutual Life, Toledo, O.; and Robert L. Woods, general agent Massachusetts Mutual Life, Los Angeles.

Robert Morris, president University of Dallas, will be the principal speaker at the annual dinner.

Insurance Plus Securities Tie-In Banned In Miss.

Commissioner Davis of Mississippi has moved to stop a number of companies from selling life policies with options allowing for the purchase of securities. The policies, which have been sold in the state for two years without the knowledge of the commissioner's office, buy for the insured a regular amount of mutual fund or insurance company shares, paid for by an extra premium above the regular amount for the coverage involved.

Because agents have been selling these plans without being licensed as securities salesmen and because state laws specifically forbid the sale of stocks with insurance, the contracts are considered to be in violation of the state's securities and insurance laws.



THE
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Editorial Comment

N. J. Moves Against Replacers

Commissioner Howell of New Jersey has drafted a proposed regulation aimed at curbing the replacement evil and is holding a hearing on the measure Aug. 10. This is a heartening example of another state's taking an active and practical interest in this important problem.

Such a measure as Mr. Howell proposes is not likely to catch the out-and-out twister. That kind of operator can be expected to get around any kind of law or else just take a chance on getting caught, knowing that the odds against detection and loss of license are remote. The greatest hope is that it will curb the great majority of replacers who are either careless, somewhat irresponsible or are men of considerable integrity who replace a client's policies because he has made it clear he is going to get them replaced somehow. Many agents who now replace policies rather freely will probably be reluctant to do any of it, unless they feel definitely and provably that it is in the client's interest, provided a law or regulation specifies precisely what is forbidden and the department shows a determination to enforce what it has promulgated.

A real problem, of course, is the agent who advises a replacement but advises the buyer to keep his old insurance in force long enough so when he drops it, it won't look as if the coverage were being replaced. Unfortunately, the policyholder is too often the victim of his own greed. He can be conned into thinking the insurance companies are engaged in a conspiracy to keep all existing insurance in force, thereby depriving buyers of the chance to get the new "improved" and "modern" policies that the agent says he is selling.

When the agent in such a case is called on the carpet by the department, he is all innocence. "How could I know he was going to drop his old insurance?" he asks. And, in rare cases, of course, the agent is actually completely innocent. That being the

case, it comes down to a matter of intent, and it would be up to a jury to determine whether the agent intended, when he sold the policy, that it should be a replacement for existing coverage.

The proposed New Jersey regulation does not touch on the clearing house idea suggested by the New York State Assn. of Life Underwriters. This seems like a matter that should be further explored. The chief trouble seems to be cost, but maybe that could be brought into line. Doubts have been expressed about its freedom from anti-trust complications, but it appears that these could be resolved. With more than 1,400 life companies in existence, however, it might be difficult for the promoters of this idea to get enough companies to participate to make the control effective.

If the obstacles to a clearing house plan could be overcome, it would seem to be an extremely effective way of spotting the persistent replacer. Without some central source of checking, it would be hard to catch up with

Personals

Charles E. Brown, vice-president and financial secretary American National, has been named to a four-year term on University of Texas's investment advisory committee.

Frederick M. Peirce, president General American Life, has been named chairman of a citizens committee to raise \$2,620,000 in equity capital needed to complete \$20 million of equity financing for the downtown St. Louis Sports Stadium project.

Roger Hull, president of Mutual of New York, has been named national chairman of Religion in American Life, a non-profit organization that promotes religion in personal and community life. He succeeds Robert T. Stevens, former Secretary of the Army. Twenty-eight national religious bodies provide support for the organization.

the replacer who simply ignores state requirements that he must indicate when a policy is for replacement or must supply the buyer with specified information.—R.B.M.

Deaths

G. EDWIN SMITH, 90, director of Midland Mutual Life since 1920, died at Columbus, O.

JOHN NORDHOUSE, 90, retired assistant manager of the mortgage department of Equitable Society, died at his home in Nyack, N. Y. He joined Equitable in 1905 as secretary to Paul Morton, then former Secretary of the Navy, who became president of the company that year. When William A. Day was elected company president in 1911, Mr. Nordhouse continued in the same post, becoming assistant manager of the mortgage department in 1928 and retiring in 1941.

Health Institute Sending Out 1961 List Of Books On Health Insurance Subjects

Health Insurance Institute has begun distributing its 1961 edition of "A List of Worthwhile Health Insurance Books."

The 31-page publication lists a selection of books on health insurance currently available from commercial publishers and other sources, grouped in the table of contents as follows: health insurance books, annual publications, including directories and biographies, policy information and rates, statistics and information on the health insurance business as a whole and on individual companies, and sections on books about general insurance, gerontology, social security and health insurance statistics.

The booklet also lists organizations with a relationship to health and financing of medical care and periodicals in the field of health insurance.

Copies of the booklet are free upon request.

Louis Wayne, vice-president in charge of agency operations; **Charles M. Hansen**, administrative vice-president, actuary and treasurer, and **Jose Cantino**, vice-president in charge of the credit division, all of Commerce Ins. of Chicago, have resigned. Mr. Hansen has opened an executive actuarial consulting office. His address is 3800 North Lake Shore Drive, Chicago.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. LaSalle Street, Chicago, Aug. 1, 1961

	Bid	Asked
Aetna Life	121 1/2	123 1/2
American General	63	65
Beneficial Standard	33	34 1/2
Business Men's Assurance	79	82
Cal.-Western States	85	89
Commonwealth Life	41	42
Connecticut General	260	265
Continental Assurance	177	183
Franklin Life	107	110
Great Southern Life	95	100
Gulf Life	33 1/2	34 1/2
Jefferson Standard	63 1/2	65
Liberty National Life	78 1/2	81
Life & Casualty	25 1/2	26 1/2
Life of Virginia	92	94
Lincoln National Life	136	140
National L. & A.	182	186
North American, Ill.	24 1/2	25 1/2
Ohio State Life	52	Bid
Old Line Life	71	Bid
Old Republic Life	23 1/2	25
Republic National Life	70	74
Southland Life	137	142
Southwestern Life	97	100
Travelers	137 1/2	140
United, Ill.	57 1/2	60
U. S. Life	75	78
Washington National	63	66
Wisconsin National Life	43 1/2	Bid

California Life Publishes New Rate Manual, Has Three New Policies

California Life has an all-new rate manual, with non-forfeiture values based on the 1958 CSO table, and several new life policies: a college or opportunity plan; a mortgage cancellation plan, and a family plan.

The college plan is issued on the lives of children ages 0 to 10 years. For each unit the amount of insurance is \$2,000 to age 18, at which time the cash value reaches \$1,000. This policy recognizes that frequently the cash value at age 18 is not needed for educational purposes and it is desirable to continue the insurance in force. This may be done in one of two ways. Either the premiums may be continued to age 65, or the policy may be continued as paid up insurance.

The mortgage cancellation plan replaces a similar decreasing term policy of similar name. The new plan is available either as a basic policy or as a rider on a permanent plan, or on a term to 65 policy. A rider providing an income in the amount of the monthly mortgage payments during disability due to accident or sickness may be added to the policy.

One unit of the new family plan provides \$5,000 whole life insurance on the father; \$2,000, graded by age, of term to 65 on the mother, and \$1,000 of term to age 22 on each child. Included without specific premium are double indemnity on the father and mother, waiver of premium with coverage to age 60 on the father, paid up benefits to the mother and children at the father's death prior to 65. Triple indemnity coverage may be obtained on an optional basis. Without evidence of insurability each child may convert to a permanent plan policy up to five times the amount of his term insurance when he reaches age 22. Another optional feature is a family income rider that may be attached to either the father's or the mother's part of the policy or to both.

MFA Life reports its May sales contest resulted in life production of 125% of sales during the comparable period last year. Agents in Missouri and Arkansas produced \$5,640,425 of pre-paid business.

THE NATIONAL UNDERWRITER

The National Weekly Newspaper
of Life and A&S Insurance



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Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

The insurance shares market stabilized at the close of the week following a spell of profit taking among several leaders. Conn. General was down 10 on the week after an 8 point drop the previous week; Franklin Life slid 1½ more but Great American Life Underwriters, which owns some 20 shares of Franklin for each G. A. L. U. share, continued strong at 1,625 bid. The federal appellate court at Philadelphia threw out the action by a stockholder seeking to nullify the SEC ruling that G. A. L. U. should be treated as a regulated investment company. Should this end the litigation, G. A. L. U.'s previous intention to split its share will certainly be executed. A 5 for one split was originally announced, but some think it may now go as high as 10 for one which would mean two Franklin shares for each G. A. L. U.

Lincoln National closed Friday at 134 bid, down one point for the week after earlier in the week having dropped to 128. U. S. Life was off 1½. Business Men's Assurance never faltered and was a point higher at 79. Ohio State Life dropped four points to 47 bid.

Gulf was a strong spot reaching 33½ bid. Northwestern National Life was in demand at 116 bid but there were no offerings. Wisconsin National Life was also sought after and sold as high as 44. Piedmont Southern Life, which is so richly endowed with common stock investments, got up to 75 bid. Travelers was down about 3 while Aetna Life held its ground.

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Despite the sharp upthrust on the Big Board, fire-casualty issues whose assets and surplus were swelled thereby were sluggish market performers, the prospect of disconsolate six-month figures and the presence of the hurricane season are deterrents. Continental Casualty, which declined from 109 to 99½ attracted buying and closed at 103 bid, virtually unchanged for the week. Aetna Fire was down 3, Boston, National Union and Northern River minus 1, Federal off 1½, Phoenix less 2½. On the plus side were Aetna Casualty, up 1; Employers Group 3; General Reinsurance 4; New Hampshire 1½; Pacific Indemnity 1. The Meserole companies announced dividend increases Friday and the shares of Pacific, Bankers & Shippers and Jersey closed on the bid side that day. Even with the increase these companies will be paying out only about 50% of investment income.

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National Reserve Life which had sold down from 200 to 165 moved back up to 195. The selloff came when the management circularized stockholders offering to exchange up to 3,000 shares for a new class of preferred stock carrying a \$5 annual dividend. This commencing in 1966 will be callable at \$100 through 1981. It is understood that the full 3,000 allotment was exchanged, so that common capital now consists of 39,000 shares of \$10 par.

Hanover Insurance following the offering of 150,500 new shares by First Boston Corp. at 44, moved up in the market to 45½ bid. With a \$2.20 dividend, the yield caught the fancy of individuals and institutions seeking reliable income.

St. Paul F. & M. is scrutinized in the July 27 Commercial & Financial Chronicle. St. Paul has emphasized tax-exempt bonds and common stocks over the years, with municipal bonds now comprising the unusually high percentage to assets of 46.5. Interest yields from 1960 bond purchase reached 4.76. About two-thirds of the common stocks are utilities which have appreciated substantially. More recently St. Paul has emphasized growth stocks with 1960 buying that included Polaroid, Haloid-Xerox, Harcourt Brace, Corning Glass and Am. Home products. St. Paul has paid a higher cash dividend each year since 1946. St. Paul's shares have participated fully in the 1960-61 bull market in insurance stocks, the author says.

Republic National quickly recovered from the selloff spell and added 3 points for the week, Am. General was plus one, Combined minus 5, Nationwide up 1½, Southwestern Life, off 3, Aetna Casualty added a point, as did Bankers National Life, Eastern Life went up 3½, Liberty National Life was 1½ higher, Philadelphia Life plus 3.

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Insurance Securities Trust Fund of San Francisco reports that as of June 30, 1961, market value of its securities totaled \$654,796,983. The cost was \$363,743,210. There are 91 issues that are owned. One new name has been added since December 31 this being Volunteer State Life. The market value of the fire-casualty stocks owned was \$434,240,317 and life \$220,556,666. At December 31, the market value of the securities owned was \$484,193,856, so the enhancement to June 30, is \$170,603,127. Incidentally, in reporting on the first quarter results of fire-casualty companies in the portfolio mention was made of Home because apparently it is on its "buy" list.

Life Insurance Investors Inc. scored highest in the Wiesenberger study among growth appreciation funds for the first six months of 1961. L.I.I. recorded a 44% advance in share value during that period. Century Shares Trust (90% invested in insurance stocks and 10% in banks) scored first for this period among growth-income funds with an advance of 28%.

Quaker City Life announces that arrangements have been made for its Virginia agents to place business with a Virginia fire insurance company. A similar contract has been in force with a Pennsylvania company for Pennsylvania agents.

Fifteen senior salesmen from eight agencies of **Bankers Life of Des Moines** attended an advanced underwriting workshop at Denver. The workshop, one of a series conducted by the company, covered concepts in the estate analysis and business insurance field.

The **Wayne L. Lewis agency**, home office general agents of Ohio State Life, has moved its offices to a new building at 1429 King Avenue. The Lewis agency has led all Ohio State Life agencies in production for many years.

Career Life Agent Applauds Editorial On N.Y. Section 213

T. Edward Flanigan of St. Louis has written to express his endorsement of the June 17 editorial, which criticized New York's section 213, the expense limitation provision. Mr. Flanigan devotes his entire time to selling life insurance and has been an agent of Sun Life of Canada since 1931. He is a CLU and a life member of the Million Dollar Round Table. Here is his letter:

May I vigorously endorse your suggestion that section 213 is a hindrance to our industry.

In an era when virtually every piece of legislation at every level of government bearing on compensation has been aimed at securing higher compensation even though the public would as a result pay higher prices, the life insurance business alone operates under a ceiling on agents' compensation. Of course this had made it constantly more difficult for the companies to attract and retain capable agents.

The life insurance business has been very good to me during my 30 years as an agent. I am happy over the fact that my principal company does not operate under section 213.

If federal regulation ever comes to our business it will be because of the monopolistic tendencies of section 213. Many sound and solvent companies offer life insurance to the public at lower rates than some of the companies which shield themselves from competition behind the plea that they can pay only such compensation to agents as 213 permits.

I think you should know that many agents of many companies would rejoice to see this grip on our business broken so that we might offer life insurance service to the public according to the needs of the 60s.

GAMC Speaker Will Be Clyde F. Gay

Clyde F. Gay, executive vice-president of John Hancock, will be the speaker at the luncheon of General Agents & Managers Conference of NALU at the Brown Palace Hotel on Wednesday during NALU's annual convention in Denver, Sept. 24-29.

Mr. Gay joined John Hancock in 1942 as 2nd vice-president in charge of group sales, was made responsible for the company's general agency operations in 1949 and was elected executive vice-president in 1960. He is a past president of Boston General Agents & Managers Assn. and Boston Life Insurance & Trust Council and is a member of the advisory committee of the Massachusetts Council for the Aging.

Credit A&S Insurance Rate Boost Turned Down By Gold

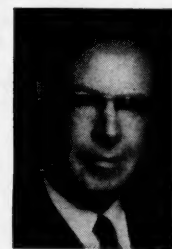
Commissioner Gold of North Carolina has turned down a request by credit health companies for higher rates.

The companies had asked for a rate increase from \$1.75 to \$2.50 per \$5 unit of coverage allowance of a 35-cent policy writing fee and a \$3 minimum premium. The latter proposal was offered as an alternative to the second.

The commissioner said he found no authority in the law for a policy fee and refused the rate hike because, he said, it was unsupported by loss experience figures. However, he added that he would review rates in the future if experience justified it.

Huppeler Agency Has \$300 Million Of Life Insurance In Force

NEW YORK—The Lambert M. Huppeler agency here of New England



George W. Smith



L. M. Huppeler

Life held an agency luncheon in celebration of attaining \$300 million in force. Among the more than 1,400 life companies in the United States, only 182 have more than that amount of insurance in force.

Smith Guest Of Honor

Guest of honor was Chairman George W. Smith, who reviewed the agency's history. He congratulated Mr. Huppeler and his associates on having the high type of agency they have developed. Referring to the agency's \$300 million in force figure, Mr. Smith recalled that as recently as 1915 the entire New England Life had only \$315 million in force.

Mr. Huppeler mentioned the agency's policy of having a large staff so that agents have the greatest possible freedom to go out and contact clients instead of being harassed with details. He said that among the agency's 30 career agents 11 now have the CLU designation and nine agents and staff members are studying for it. Thirteen agents are members of the Million Dollar Round Table. One of them, Henrikas Rabinavicius, has led the entire company in production in four out of the last five years and in 1960 paid for an all-time company high of \$12 million.

Five Are General Agents

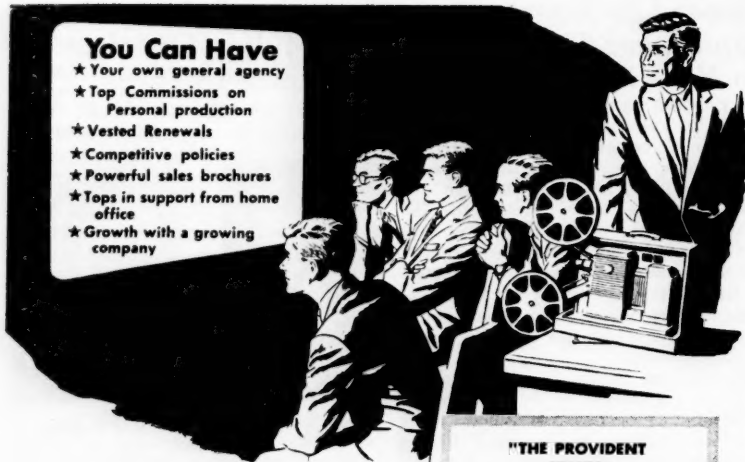
The Huppeler agency paid for \$47,189,727 in 1960, and in the first seven months of 1961 the 30 full-time agents have paid for \$30,919,568. Since Mr. Huppeler originally became general agent here (he was later at the home office as vice-president for six years) five agents whom he contracted have become general agents: Warren L. Johnson, San Antonio; Earle Armstrong, Salem, Mass.; Glenn Geiger, New York City; Edward Lupean, Pittsburgh, and Sidney S. Roberts, New York City. Except for Mr. Roberts none of these men had had any experience in life insurance before joining the Huppeler agency and all but Mr. Roberts, who now represents Security Mutual Life of New York, are with New England Life.

New Indiana Handbook

A new **Underwriters Handbook of Indiana** has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Indiana handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

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Reasons For Opposing Keogh Bill Given

(CONTINUED FROM PAGE 2)

there should at least be appropriate limitations on the pension contributions made for self-employed people and corporate owner-managers. At present, despite the nondiscrimination requirements imposed by the law on qualified plans, it is difficult to check abuses which arise when owner-managers of closely held corporations establish pension plans primarily for their own benefit.

Some May Receive None

In some cases, for example, the contributions under the plan may be used mainly to provide substantial benefits to the owner-managers and other employees may receive only nominal benefits or none at all. For example, a plan covering only salaried employees, which is within the purview of section 401 (a) (5) of the internal revenue code, could result in the coverage of the owner-managers to the exclusion of all other employees. Any legislation allowing self-employed people to be covered by qualified plans should not create problems of this type for plans covering self-employed people but instead should contain appropriate provisions eliminating these abuses where they now exist.

3. In seeking to remove discrimination against self-employed people, the legislation should not grant them coverage under pension plans under such conditions as would create a counter discrimination against their employees. Historically, the objective of granting favored tax treatment to qualified pension plans has been to encourage the establishment of plans to meet the retirement needs of employees.

In order to achieve this objective, the internal revenue code contains an entire set of provisions which were designed to confine the special tax treatment to plans which do not discriminate as to coverage or benefits in favor of owner-managers and highly paid employees as compared with the rank and file of employees. In view of this background it is especially important that any legislation in this field should require self-employed individuals securing pension coverage for themselves to provide comparable coverage for their employees without any arbitrary exclusion of certain groups of employees.

Doesn't Meet Requirements

HR 10 does not meet these requirements. Its adoption would create new serious discriminations to replace the problems that it seeks to solve by allowing self-employed people to be covered by qualified pension plans. It would result in very substantial differences in tax treatment for pension purposes not only for self-employed individuals as compared with owner-managers of corporations and for self-employed people as compared with their employees but also among self-employed people themselves.

In some situations, self-employed individuals would receive more favorable treatment than corporate owner-managers; in other situations, the reverse would be true. For example, where there are no employees other than the owner, corporate owner-managers would receive more favorable treatment than the self-employed. In such cases, HR 10 limits the amounts that a self-employed individual can contribute on his own behalf to 10% of his self-employment income or \$2,500 a year. In contrast, in accordance with the present provisions of the code, non-discriminatory contributions to quali-

fied pension plans on behalf of corporate owner-managers would not be subject to any specific dollar limit.

Could Omit Employees

On the other hand, where there are from one to three employees, HR 10 would allow self-employed individuals to secure pension coverage for themselves without making any provision for the retirement needs of their employees. Under present law, the owner-manager of a corporation does not have a comparable privilege. In order to secure pension coverage for himself he would have to establish a nondiscriminatory plan which could not automatically exclude all other employees though it could exclude employees on the basis of a nondiscriminatory classification and seasonal and part-time employees as well as those with not more than five years of service.

Where there are four or more employees besides the owner, both the self-employed individual and the corporate owner-manager would be required to extend coverage under the plan to their employees in order to be covered themselves. However, in such cases, there would be important differences in the qualification rules for the plans established by self-employed persons and plans established by corporations in regard to the conditions under which employees would have to be covered, the rights that employees would have to contributions made on their behalf and the method of coordinating the private pension plan with the social security system.

Many Would Be Deprived

Besides failing to produce the same tax treatment for self-employed individuals and corporate owner-managers under pension plans, HR 10 discriminates against employees when it allows self-employed individuals with fewer than four employees to secure coverage in qualified plans for themselves without making any provision for the retirement needs of their employees. There is no logical basis for such an arbitrary exclusion of employees from the benefits of the pension plans covering the self-employed. Since self-employed individuals very frequently have less than four employees, the practical effect of the exclusion would be to deprive a large number of employees of the benefits of the new pension plans that would be established under the bill.

There also are not adequate safe-

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guards to check abuses in contributions for self-employed people with more than four employees. Under HR 10, such individuals would be permitted to make pension contributions for themselves exceeding the 10%-\$2,500 limit, presumably on the theory that they would have to grant coverage to such employees and make substantial contributions for them. However, since the contributions to the plan would be based on the self-employment income of the owner, including income from capital invested in the business, and the compensation of the employees, the bulk of such contributions would be made for the owner in those cases where employees earn modest salaries and the owner's self-employment income is large.

Benefit Called Substantial

In such cases, the immediate tax reduction received by the self-employed individuals as a result of the deduction for his own contribution could greatly exceed the contribution made for his employees. Though some part of this tax reduction might be offset by the tax resulting in later years when the pension is received and included in taxable income, the net tax benefits to such a self-employed individual would generally be substantial.

Self-employed individuals, having once qualified for the larger allowances as employers of four or more individuals can continue to contribute

amounts in excess of the 10%-\$2,500 limit in subsequent years even if they have no employees in such years. Also, because the bill specifically permits a self-employed individual to exclude from the plan employees who have less than three years of service and at the same time to count them in determining whether he has at least four employees, it would be possible for the self-employed individual to contribute for himself more than the basic 10%-\$2,500 amounts without making any contributions on behalf of any other individual. As a result, some self-employed people would be able to deduct annual contributions substantially exceeding \$2,500 indefinitely even though they never have any employees who qualify under the plan.

Includes Investment Income

Another important defect of the present bill is that the pension contributions by the self-employed on their own behalf would be based on their self-employment income which generally includes income from capital invested in the business as well as personal service income. This would give self-employed people an important advantage over covered employees since, under present law, pension contributions for covered employees, including owner-managers of corporations, are based on earned income alone.

HR 10 would involve a revenue loss amounting to an estimated \$358 million annually on a full-year basis. Over one-fourth of this revenue loss would be accounted for by the fact that the bill would allow self-employed people to base their allowable deductions for pension contributions on self-employment income instead of on personal service income alone.

These estimates assume that actual deductions for contributions made by self-employed people on their own behalf would be only a part of the maximum allowable, ranging from 15% of the maximum for taxpayers with less than \$3,000 of income to 66 2/3% of the maximum for those with more than \$20,000 of income. Particularly in view of the present budgetary situation, it would clearly not be appropriate to incur a revenue loss of this magnitude for legislation which would not constitute an adequate solution to the tax treatment of the retirement savings of self-employed people.

Calls Differences Unjustifiable

Because of these compelling considerations, the Treasury Department is opposed to the enactment of HR 10. Though it seeks to equalize the tax treatment of retirement savings, the bill creates many inequities and un-

justifiable differences in tax treatment. As you know, the President has directed the Treasury to undertake the research and preparation of a comprehensive tax reform program to be submitted to the Congress next year. A major aspect of this program will be a broadened and more equitable tax base and reconsideration of the rate structure.

We believe that the problem which HR 10 seeks to meet should more appropriately be considered in connection with such a general tax program so that this problem could be evaluated

in the context of the entire program. At the same time this would permit consideration of the problem in the light of a general examination of issues in the pension and retirement area and in the context of the rate structure that may result from a re-examination of the existing structure. Accordingly, the Department recommends that legislation dealing with the tax treatment of the retirement savings of self-employed people be deferred until it can be considered in the perspective of the entire tax reform program.

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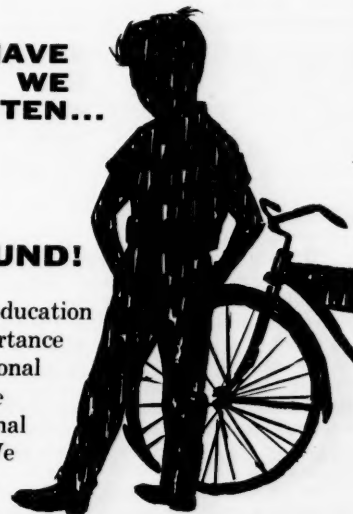
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Indianapolis Life Has Record Six Months

Indianapolis Life's field force, during the first half, produced the largest volume of business of any six-months period in the company's 56-year history.

Volume for the first half of the year showed a 12.6% gain over the comparable period of 1960. The period was climaxed by a record June, which was 23.1% ahead of last June.

At the mid-year point insurance in force was \$523,387,930.

National Life of Vermont's insurance paid for in the first six months of 1961 totaled \$203,499,568, a gain of almost 18%. Annualized premiums in the six-month period were \$6,051,915, up almost 16%.

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Says 25 Life Exemption Is Too Strict

(CONTINUED FROM PAGE 1)

significant reduction in the protection afforded by the act.

Mr. Siegfried pointed out that in these smaller plans, covering intimate groups of employees who have frequent personal contact with each other and with their employer, the opportunities for abuse are quite remote. Also, the cost burden per covered employee is much heavier in the smaller plans, and the insurers believe that some measure of relief would be entirely in order.

Endorses Certifying Procedure

Mr. Siegfried specifically endorsed the provision in the House subcommittee version requiring insurance companies to certify to the administrator the required information within 120 days after the end of each policy year, rather than the 90 days allowed in the Senate bill. It is already difficult, he said, for the insurer to compile and assemble the required information, and this could be even more difficult if additional detail is to be required.

Discussing the provision in the Senate bill granting the Secretary of Labor broad investigatory powers which would apply to all types of plans, Mr. Siegfried expressed preference for the language of the House bill in this area. Since these provisions may be in effect for years to come, he said, it seems desirable to limit the authority to certain stated goals.

Called 'More Realistic'

"The House bill," he continued, "contains a more realistic provision in this regard, authorizing the Secretary to investigate only 'upon complaint of violation or on his own motion when he finds reasonable cause to believe investigation may disclose violations of the act.' We should like to express a preference for the above language which appears in section 9 of the House subcommittee bill as being simpler and more precisely directed at the stated objective. . . .

"In conclusion, we wish to reiterate our support for properly designed disclosure legislation in this area. We hope this committee will recognize

the careful work done by the committee on education and labor of the House and particularly their subcommittee under the chairmanship of Congressman James Roosevelt, which has resulted in a substantially improved bill. It is our understanding that the changes made by the House committee are generally acceptable to the Secretary of Labor. We believe that these changes represent a distinct improvement and hope that this committee will concur."

Connecticut Mutual Has \$4.8 Billion In Force

Six-month paid-for business of Connecticut Mutual was \$296,866,729, slightly under the record pace of a year ago. Insurance in force reached \$4.8 billion, a gain of \$161 million over the end of last year.

During the first two quarters, \$74.2 million in new money was invested. Benefits to policyholders were up almost \$1 million to \$45,561,011. Death claims were \$14,144,363.

Sales for June were \$49.5 million, up 4%.

Fines In Cardinal Case

Six defendants in the case at Louisville alleging fraud in the sale of stock of Cardinal Life of Louisville were fined a total of \$63,500 in federal court this week. Four of the defendants were fined in amounts higher than recommended by the U. S. district attorney.

Charles C. Bales of Atlanta, a major stockholder of Cardinal Life, was fined \$1,000 on each of 20 fraud counts and another \$1,000 on a conspiracy charge. The recommended fine for him was \$15,000.

John C. Buckley was fined \$700 on 20 fraud counts and \$1,000 for conspiracy, a total of \$15,000 against a recommendation of \$10,000. Bales and Buckley had pleaded no contest on all charges.

The indictment charged them and four other defendants with "using a scheme or device to defraud investors in the sale of common stock of Car-

dinal Life Ins. Co. and to obtain money and property by false statements" when the stock was offered for sale to the public.

The other defendants were Robert B. Hensley, Frank A. Logan, D. A. Aldridge and Sylvester H. Goebel, the latter a former Kentucky insurance commissioner.

Government Employees Life Sales Up 10%

Government Employees Life's paid-for sales in the first six months of this year amounted to \$18,830,784, up 10% over the same period last year. Insurance in force was \$236,523,482, up \$17,249,495 from the end of the year, and premium income was \$2,370,895, a 12-months increase of 14%. The company, while has conducted most of its business by direct mail, has been building an agency force recently.

Ad Equates Licensing With Endorsement Of An Insurer By State

Mortgage Investment Foundation Inc. of Miami is advertising prominently a 7% mortgage investment program under which the principal and interest of the mortgages is guaranteed by United Bonding of Indianapolis. A brochure states: "We believe the responsibility and integrity of the United Bonding Co. is well established and beyond reproach and can be verified. They have submitted the record of their management to the close scrutiny of the insurance departments not only of Florida, but of 40 other states, all of whom have found United Bonding worthy of licensing as an insurance company to do business in their state. Within the next two years the company plans to be licensed in at least 48 states. Every act United does, every risk it undertakes, is subject to inspection and the criticism of every state in which it does business. It is the insurance company that guarantees you will not lose a cent of principal or interest when you invest with Mortgage Investment Foundation Inc."

Holds First Alaska Seminar

The first career seminar in life insurance ever held in Alaska by United Benefit Life was held recently at the company's Anchorage agency. Eleven people attended and were awarded certificates of proficiency for successful completion of the course.

Illinois Mid-Continent Life agents and their wives attended a special sales meeting at the home office. The meeting was called to announce current standings in a sales contest which is at its halfway point, and also to introduce Illinois Mid-Continent's new officers. The group met new President John Weaver, and John Gray and Lester Wintz, two former United States Life executives who were named executive vice-president and 2nd vice-president, respectively.

Rapidly growing Midwest Life and Accident and Health Insurance Company has unusual opportunity for actuarial student with several years of experience. Ability to do the work more important than formal educational background. Send resumes to Personnel Department, North Central Life Insurance Company, 4th and Minnesota St., St. Paul 1, Minnesota.

List Of Events For Technical Sessions At LOMA Conference

(CONTINUED FROM PAGE 2)

ated by W. T. White, Western & Southern Life, will discuss "Changes in Debit Insurance Operations to Meet Changing Trends." Speakers and their subjects will be Jack H. Quaritius, Peninsular Life, "Economic and Social Changes," George H. Meagher, Prudential, "Decentralization of Operations," Vernon D. O'Neill, John Hancock, "Rising Cost of Operations," and Charles J. Sharke Jr., American National, "Approaches to Automated Procedures in Debit Insurance."

The group administration committee's session will be titled "Group Administration Today and Tomorrow," and will be presented in two parts—the first, a panel discussion on the implications and influences of electronic data processing moderated by C. Norman Peacor, Massachusetts Mutual, and the second a panel on current group operations with the following speakers and their subjects: Joseph C. Chaille, Equitable Society, group organization; Stuart A. Maher, Travelers, commission processing, and C. J. McAlexander, Lincoln National Life, certificate issue.

"Company organization at the Operating Management Level" will be discussed by the organization committee in a panel moderated by C. A. Coleman, Jefferson Standard Life. Late Tuesday afternoon two informal discussions will be held. In one, chairmen of LOMA's two automation committees, Arthur A. Wheeler, New York Life, and John G. Pensock, Washington National, as well as members of their committees, will answer questions from the floor. Ralph E. Edwards, Baltimore Life, chairman of the educational council, will moderate a discussion on the LOMA Institute program.

Citizens Life Of N. Y. In Record Half Year

Citizens Life of New York's paid-for business in the first half of 1961 was \$30 million, a 40% increase. Ordinary business accounted for \$28 million. Total insurance in force stands at \$122 million, \$106 million of which is ordinary business.

World Life Assurance Society Ltd. Seven Day Life Insurance Policy Machines Are Distributed In Colo.

World Life Assurance Society Ltd. of Denver has begun distribution of its life insurance vending machines that offer policies providing seven days coverage to anyone who can make his way to the machine and deposit money. Insurance covers death from any cause except suicide, with no age limit or health restrictions. The seven-day policy benefit amounts vary according to age of the policyholder, but premiums are a level 25 cents a policy with a limit of four policies at a time.

The vending machines are now in operation in eight states and applications for their use have been filed in 20 other states. It is intended that 993 will be used in Colorado in service stations, motels, etc.

W. R. Cunningham, is president of World Life Assurance Society Ltd.

Samuel G. McCrackin, who is retiring Sept. 1 after concluding 20 years as agent at Detroit for Prudential, was honored by his colleagues at a luncheon.

WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.
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We have available a unique position in our Systems Research Department requiring a fundamental knowledge of systems and group office processing plus a working knowledge of electronic processing. If you can meet these qualifications and are interested in the opportunities available with a progressive, expanding company, please send us a complete resume of your education and experience including salary information. All replies will be treated in confidence. Write:

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WANTED—SALES PROMOTION MAN

Fast growing Los Angeles domiciled life insurance company with large parent corporation has challenging opportunity for creative and imaginative man to develop and manage company sales promotion department—age 25 to 35—at least three years sales promotion experience. Include background, experience and initial salary requirements in first letter. Our staff knows of this advertisement. Write in confidence to Z-89, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Large national company seeks man to sell and appoint producers. Exceptionally liberal earnings for individuals who know how to acquire this business. Submit resume in complete confidence to Box A-11, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Record Attendance At NALC Meeting

President's Goal Is Membership Increase To 500

Adopt Resolutions On Taxes, Regulation And A&S At New Orleans

By GEORGE E. WOHLGEMUTH

NEW ORLEANS, La.—The largest attendance, approximately 300, in the seven year history of National Assn. of Life Companies was reported by B. L. Carter, chairman of Pioneer Life & Casualty in his report as president. The association cannot rest on its laurels, he said, and to keep young, aggressive, and active it is up to every member to bring in a new member in the coming year with the objective of a minimum membership of 500 companies.

Cultivate Friendly Relations

It is essential for members to work closely with the state insurance commissioners and departments and prevent state supervision from being taken over by the federal government. Friendly relations should be cultivated with members of the state legislatures and Congress.

A new life company tax bill is anticipated in the fall of 1963, De Witt H. Roberts, executive secretary, said. During the past year, the association has opposed bad legislation and prevented it from getting on the books in a number of states.

Membership totals 171, with 35 new members added in the past year.

Inequities Remain

With "obvious inequities" still remaining in the present federal income tax act for life companies, National Assn. of Life Companies reiterated in a resolution its conviction that

—All forms of contracts issued by life companies should bear their share of federal taxation, including so-called group pension agreements;

—More equitable treatment for capital losses and capital gains should be provided;

—The clear intent of Congress about tax exempts, partial tax exempts and intercorporate dividends should be given effect;

—The loss carry-back and carry-forward periods should be extended;

—The non-par deductions section (CONTINUED ON NEXT PAGE)

New Officers Of NALC

Joseph J. McCaffery, president Treasure State Life of Montana, president; B. L. Carter, chairman Pioneer Life & Casualty, retiring president, chairman of the executive committee; Forrest G. Ray, secretary Guaranty Income, and Joe C. Scott, president Bankers Service Life, vice-presidents and members of the executive committee.

Other new vice-presidents—W. O. Crawford, Southern United Life; Phillip B. Duncan, Alaska Western; Michael H. Levy, Standard Security of New York; Vincent J. Pobrislo, West Virginia Life; Gordon E. Rhodes, Sturdivant Life; Horace Rhodes, United Founders Life; F. B. Salisbury, Reliance National; Paul H. Schultz, National Masonic Provident; D. H. Shteamer, Missouri National; Robert E. Wilder, National American; Wadsworth Y. H. Yee, Grand Pacific Life of Honolulu; and R. F. Keathley, Lincoln American.

Directors elected to serve until 1964 are W. C. Armour Jr., Great Plains; J. R. Cissna, Federal Old Line; Robert Igleheart, Guaranty Savings; G. L. Moody, State Life of Illinois; Wyman Zachary, Perpetual Security; and E. J. Reeves, Commercial Travelers of Texas.

Ellis Arnall, Coastal States, board chairman; Herbert L. Thomas Jr., First Pyramid, secretary; and Claude H. Poindexter, Coastal States, treasurer, were all re-elected.

the federal government more foundation for socialization of the A&S business.

Beery—A uniform law couldn't be obtained. A company wouldn't want (CONTINUED ON PAGE 29)

B. L. Carter Pioneer Life & Casualty, president; William H. McLean, American Standard, Texas; DeWitt H. Roberts, executive secretary.



Panel Of Commissioners Answers Variety Of Questions For NALC

The question and answer panel conducted by top brass of National Assn. of Insurance Commissioners on "Your Company and State Regulation" drew a large attendance at the closing session. Conducted by Commissioner T. Nelson Parker of Virginia, NAIC president, the panel included commissioners Sam N. Beery, Colorado; Harvey G. Combs, Arkansas; Joseph S. Gerber, Illinois; and Rufus D. Hayes, Louisiana.

Discusses Dual Supervision

Discussing the question of dual supervision, with some companies operating under a federal license and charter, Commissioner Hayes said it would bring the insurance departments into such fields as taxation. He said state supervision can do the job adequately and is closer to home.

Commissioner Gerber commented that Justice Douglas of the Supreme Court, discussing problems of dual regulation some time ago stated he did not believe it was feasible or compatible. It would have to take one form or the other.

Commissioner Beery said the implication is that large companies are seeking a federal charter, a badge from the federal government to the exclusion of the smaller companies. The states can't afford to lose the tax revenues from insurance companies and it would be a "fight to the last ditch" if such a proposal actually came up for action. There would be a lot of buck-passing with dual regulation.

Propose Insurance Of Companies

It is proposed that Federal Deposit Insurance Corp. insure companies similarly to banks. He suggested it is time for NALC to think along the same line, insuring its own members under somewhat of an assessment operation. It is worth taking a long look. NALC would have the opportunity of jumping the gun on the entire industry.

Commissioner Combs commented that under the F.D.I.C. setup, the states have nothing to do with the supervision of its members.

The panel was queried on A&S overinsurance, uniform laws, expansion, and other subjects. The questions and the panel's answers follow.

How do you feel about A&S overinsurance?

Beery—Malingering or buying A&S for profit is an underwriting problem for the individual company which

should not overinsure the applicant. A clause similar to the pro-rata clause in automobile policy medical payments coverage might be included in A&S policies.

Hayes—While insurance departments receive many complaints concerning A&S policy coverage, considering the tremendous volume written, the complaints are relatively few.

Law Required?

Should there be a law requiring uniformity in the payment of A&S policy claims so that some companies could not pay more than the actual hospital charges?

Gerber—No reason for a uniform law. The company that pays more than the hospital charges is selling an indemnification contract and presumably the rate would take care of it.

Hayes—Such legislation would give

Newman Tells How Old Equity Life Sells Life And A&S Insurance In One Package

J. M. Newman, secretary of Old Equity Life, one of the participants on the A&H problems panel at the annual meeting of National Assn. of Life Companies, outlined how his company, primarily a health insurer, packages a combined life and health insurance sale. A condensation of his talk follows.

By J. M. NEWMAN

Old Equity Life has through the years been primarily a health insurance company. Although we have been experimenting with the sale of life insurance off and on during the past 10 years, actually we only launched on a full scale basis a separate life division at the beginning of this year. I think perhaps that you might be interested in our original life insurance efforts some 10 years ago in which we did tie the sale of life and health insurance together.

Early in 1951 we began thinking how we could possibly get our agents, who were strictly H&A men, to sell life insurance. We reasoned that if we were to design a sales sheet which included life insurance on it, our H&A men would naturally sell this particular plan because the life insurance aspect was merely being merchandised as an

added benefit to a health insurance policy.

We, therefore, took a hospital plan, revised the sales sheet and called it a "combination hospital and life insurance coverage." Five hundred dollars of legal reserve life insurance was available to the applicant and/or all other members of the family. Note that the \$500 feature did not have to be included with each person listed on the application.

Naturally, if the husband wished, he could obtain more than the \$500 a-

(CONTINUED ON PAGE 31)

J. J. McCaffery, Treasure State Life, newly elected president; Mrs. J. W. Perry, Joseph W. Perry Jr., and J. W. Perry, Western & Southern Life.



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2. If death should occur from any accident within 20 years from date of issue and before age 65, all premiums paid will be refunded. This will be paid in addition to all claims paid during the 20 year period.

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3. All your money back. If the insured is fortunate and doesn't present a claim under this policy for a period of 20 consecutive years, all premiums paid during the 20 years will be refunded.

Males, females, 14 days-65 years, 24-hour coverage, any occupation.

Monthly Income	1 day—500 days or Daily Indemnity	Annual Premium
\$300.00	\$10.00	\$10.00
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From 1 day up to 500 days for each hospital confinement to age 65. Up to 31 days for each hospital confinement after age 65.

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should be clarified either by interpretation or legislation.

NALC and its staff, the resolution directs, shall direct its attention toward these ends.

In another resolution, NALC, noting that "a group of life insurance companies now advocates a federal charter of incorporation and federal supervision for life companies engaged in business in more than one state," a proposal which NALC feels would result "in the complete destruction of state regulation of the industry," the association recorded itself as favoring continued state regulation of the life insurance industry while deploring "the effort to destroy state supervision by subterfuge." It is suggested that National Assn. of Insurance Commissioners examine both the "occasional legitimate complaints that have furnished ammunition for this movement against state regulation" and the "chaotic condition that would follow dual regulation."

Speculative buying of A&S insurance is dealt with in a resolution that "approves and endorses compulsory proration of hospital contracts as a sound approach to the problem."

'New Money' Theory

Certain companies have introduced the practice of predicated rates and dividends upon a so-called "new money theory," which consists of giving more recent policyholders special advantages over other policyholders and classes of policyholders, and introduces into competition "unusual and questionable features," an area which NALC will study "in all its aspects and initiate appropriate action," according to the directive of a fourth resolution.

A welcome to Louisiana was extended to Frank T. Lewis, Continental Service Life & Health. "May you take home a new friendship and may someone take home yours," he said.

Responding to the welcoming address, Don J. Willmon, president of United Bankers, Dallas, immediate past president, said that private life insurance is faced with a struggle for survival against the encroachments of the welfare state. The continued advance of inflation not only jeopardizes the investments of the companies, but also their policies, he asserted.

"We don't need a new frontier, but a revival of the spirit of the old fron-



N. V. Swenson, Pyramid Life, N. C.; J. E. Rundle, Life & Casualty; and Melvin Housley, Investors Insurance Corp., Ore.

tier, of individual enterprise and private initiative," he said.

President Carter appointed a committee to nominate directors consisting of Joel Chaldner Harris III, Farmers National, chairman; Tyre Rimes, American Equity; J. W. Perry, Western & Southern; W. Hunter McLean, American Standard; and A. Fred Armstrong Jr., American Capitol.

Agency Problems Covered

The afternoon session of the opening day was devoted entirely to a discussion of agency problems, moderated by Clarence J. Skelton, executive vice-president Republic National. Subjects included recruiting bonuses, supervision of general agents and managers, branch office versus general agency operations, improvement of agency turnover, and when the agent or general agent compensated by an advance should be placed on a straight commission basis.

Discussion leaders were William C. Armour Jr., executive vice-president Great Plains Life; James E. Wells, vice-president and agency director State Mutual of Georgia; Wyman Zachary, president Perpetual Security Life; Joseph C. Shorrock, agency vice-president National Life and Casualty; and Peyton Lingle, vice-president and director ordinary agencies Coastal States Life.

Mr. Skelton pointed out in his introductory remarks that insurance companies sometime slight the most challenging division of their operations, the development of production units. Noting that during the coming years

(CONTINUED ON PAGE 32)

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4 Commissioners On Q & A Panel At NALC Meeting

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the insurance department to say when it can't pay a claim.

Is it desirable to have state laws requiring a period of time, from 12 months to three years of operation before a young out-of-state company can obtain admission?

Combs—Arkansas does not have such a law.

Beery—The question comes up about every year. The insurance commissioners can't help too much. Each state has a different problem.

Should a company try to anticipate its expansion plans several years in advance and make an early application for admission, and if approval comes before the company is actually ready to enter, a "D" could be placed after its name, meaning "deferred."

Gerber—Illinois is sympathetic to new and younger companies. Because of the tremendous public interest in insurance, the department must proceed with caution.

Before a company seeks admission to a state, the management should be sure it is equipped to enter the state. Some companies enter a lot of states considering it as a kind of "merit badge" to be entered in numerous states and do nothing about actual operations after they are once entered.

Commissioner Expects Stability

The commissioner has a right to expect a company to have some degree of stability before admission. It should have a sound investment portfolio.

Parker—A NALC subcommittee has recommended that a new out of state company be treated the same as a domestic company. In Virginia, local interests organized a company in another state in order to avoid the problem of compliance with such a law, then came back for a license in Virginia and got it.

Hayes—Louisiana doesn't have such a law. It would be discriminatory.

Would it be desirable to permit sales of variable annuities on an intrastate basis so experience can be obtained?

Gerber—Variable annuities are being sold by some companies. A shift in thinking has occurred in the industry since 1957 favorable to variable annuities. They can't be sold intrastate because of SEC regulation.

What would be the attitude of the state securities commission in such a case? he asked.

Commissioners Answer

Parker—The Virginia securities department requires the licensing of all salesmen who sell securities. A life insurance agent desiring to sell them would have to obtain two licenses.

Hayes—The SEC is already implanted in the field. Has a federal agency ever been known to give up its powers once acquired?

The new federal tax law has substantially increased the tax burdens of the life companies. Would you favor the broadening of the investment base for life companies?

Beery—In broadening the base to obtain greater earnings, the element of risk increases. As the return increases, the risk goes up.

Colorado just passed a law permitting a company to invest 5% of its assets in common and 5% in preferred stocks—a total of 10%. This is a fair broadening of the base. There should be a limit, but it can't go too far.

Gerber—The income tax law can be

changed again to levy a greater tax if the investment return goes up. Illinois has a 5% catchall. In the early 30s, an Illinois company put all of its assets in a hotel and went broke. We must adhere to sound, basic investment practices.

What is the probable trend in reserve requirements on different types of A&S insurance?

Gerber—With the continuing rapid growth of non-can and guaranteed renewable policies it is necessary to take account of the increased liabilities. Illinois requires non-can reserves to be the same as for a life policy. Other types of A&S seem to be adequately reserved.

Is it desirable to have laws requiring a stated par value on capital stock?

Beery—It doesn't mean a thing to require a par value. The commissioner can't do a thing, however, if the state law requires it.

Gerber—A company should sell enough stock in its formation period to go out and do a good job, serving a public need. The sale of stock should not be a device to feather a few pockets.

Ira McGuire: Four Major Approaches Used To Meet Need Of Elderly For A&S Coverage

What health insurance business is doing to meet the need of the over-65 insured for adequate coverage was outlined by Ira J. McGuire executive vice-president of Security Life & Accident, who appeared on the A&H, problems panel during the annual meeting of National Assn. of Life Companies in New Orleans. In his talk, a condensed version of which appears below, Mr. McGuire reviewed the four basic approaches the health insurance industry is using to meet the requirements of the country's elder citizens.

By IRA J. MCGUIRE

The problem of adequate hospital and medical care for our senior citizens has been in the limelight for the past few years because of the movement in certain groups and segments of our population who are promoting the idea that the only way these senior citizens can get adequate health

care is through a welfare plan tied in with the social security act. While the insurance industry is the first to admit that there is a need for adequate care for this group of senior citizens, it believes and promotes the idea that the practical way to do it is through our free enterprise system.

Rapid Strides Made

The industry had made rapid strides in developing and offering policies to this group. Group insurance plans have been extended to cover retired employees. Blue Cross and Blue Shield have in many cases extended their coverage to include people over age 65. Individual policies have been developed on a guaranteed renewable basis and may be renewed for the lifetime of the insured upon proper payment of premiums.

Primarily there are four major approaches taken by insurance companies in an effort to furnish persons

(CONTINUED ON PAGE 34)

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Hugh Grogan, General Life, Wis.; Roy D. Andersen, North American Reassuranc; A. Fred Armstrong Jr., American Capital, Texas.

Mr. & Mrs. Roy Engelhardt, Life & Casualty, and J. R. Cissna, Federal Old Line.



Ellis Arnall, Coastal States; Congressman Albert Rains of Alabama, banquet speaker; B. L. Carter, Pioneer Life & Casualty; Commissioner T. Nelson Parker of Virginia, NALC president.



A. L. Weiss, Missouri Fidelity Life; G. Bert Ward, Investors Preferred Life.



I. J. McGuire, Security Life & Acci-dent; Ralph J. Reese, Globe Life & Accident.



Stanley E. Byars, Western Life of Missouri; Fred L. Durham, Trans-port Life; Virgil Cottle, Republic National.



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—Double and triple indemnity on all policies, including decreasing term—All policies issued to high sub-standard limits—Group Life—Association Life (in states where permitted)—Non-Cancellable disability income issued to \$1,000 per month—Major Medical—guaranteed renewable for life—issued sub-standard

All rates based on age last birthday (except Group and Association)

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AGENCIES

Life And A&S Sold In One Package

(CONTINUED FROM PAGE 27)

mount mentioned on the sales sheet. Basically, what we were endeavoring to do was to literally force our agents to sell a minimum of \$500 worth of life insurance with each hospitalization application.

At the same time we also followed the same idea with a lifetime income sickness and accident plan. We then went one step further and combined three policies into one sales sheet, which we called a "combination hospital, doctor bills and life insurance coverage."

Please keep in mind that although our agents pitched these particular plans as one package, we issued separate policies. We also billed these policies separately.

All of our agents were instructed to inform the people after a sale was made that they would be receiving separate billings for each policy. In fact, this became an added sales tool for the agent, especially when high premiums were involved.

Now let's look at the records and see just what happened. Did our agents actually sell life insurance? Yes! In fact, as far as they were concerned they simply had to sell this particular plan, which involved the minimum of \$500 worth of life insurance. Did this make the agent "life conscious" as far as selling life insurance per se? No, it certainly did not! Our men at that time were health men, pure and simple. It's true that all we sold were \$500 policies, but nevertheless this did open up to us an avenue which proved that life insurance could be sold with health insurance as a package sale.

We feel that originally perhaps we made a mistake by keeping the amount of life insurance at a \$500 level rather than tying in a specific amount of life insurance with a specific health plan. For example, perhaps it would have been better if we had issued a policy which would pay \$100 a month lifetime on either sickness or accident, \$2,500 for natural death (the face amount of life insurance) and \$5,000 in case of accidental death. This accidental death payment, of course, would be made up of the combination of the death benefit in the health policy plus the life insurance. We did not include double indemnity on the life insurance portion of the contract per se.

I mentioned earlier that this year we had started a separate life division. In the few months that this plan has been in operation we have found that through constant sales training it is possible to teach a health insurance man to sell life insurance. We don't tell our H&A men that we are going to try and make career life underwriters out of them. We do, however, stress the fact that an additional 60 seconds spent with their health insurance prospects can conceivably increase their income by 25% or more.

I also would like to state that we are not at the present time using sales sheets involving a combination of health and life insurance, but rather, we are stressing the fact that a man do one of two things:

—Either he closes a health insurance sale and then tries to sell life insurance, or

—(and in our opinion this is the most successful), he include the life insurance benefit in his original sales talk.

In other words, the prospect is not aware while he is listening to the presentation that there is more than one policy involved.

Mr. Company President...

Mutual Funds CAN Benefit Your Life Sales!

While many have been debating the issue, we have been doing something about it for over four years. In fact, one life insurance company that has been utilizing our program and facilities has enjoyed...

—a \$10,000 average sale (ordinary life or better)

—47% sales increase in one year

—39% increase in the Company's overall average size policy

—300% increase in agency inquiries

Our program has been developed to permit any number of life companies to participate and derive the full sales advantages. Yes, we can make it possible for your agents to sell balanced financial programs utilizing the equity vehicle of Advisers Fund, Inc. along with your own insurance contracts. Our literature and promotional material has been specifically designed for such a purpose.

Let us show you the simple, inexpensive, time-saving steps required to equip your field force with a mutual fund and the material to sell a program that will stimulate your life sales. Write me today.

Thomas A. Martin
Vice-President

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Now launching the GSL
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Growing By
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Guaranty Savings
LIFE INSURANCE COMPANY
MONTGOMERY, ALABAMA

CONRAD ANDERSON, C.L.U. VICE PRESIDENT & DIRECTOR OF AGENCIES

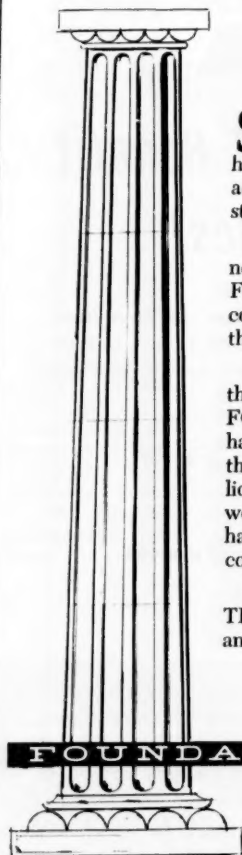
A new column of STRENGTH

Since the formation of The Foundation Group several years ago, each member of the association has been built solidly from the bottom, with each new addition being carefully laid on the foundations constructed before.

And now, The Foundation Group is proud to announce the newest member of the association—FOUNDATION LIFE INSURANCE COMPANY—a company with all the strength, and more, of each of the companies which gave it life.

Through a merger and combination of assets of three existing companies in The Foundation Group, FOUNDATION LIFE INSURANCE COMPANY has emerged as one of the really strong companies in the Southeast. Resting on a firm base of nearly a million dollars in assets and approximately \$50 million worth of insurance in force, FOUNDATION LIFE has all the flexibility of operation that the parent companies could give it.

Significantly, the symbol chosen for FOUNDATION LIFE was a column—a column of strength and beauty.



Life Insurance Company

3380 Peachtree Road, N. E.
Atlanta 5, Georgia

the Keynote at Girardian

In keeping with today's widening and challenging insurance horizons . . . the Girardian Insurance Company is constantly expanding its service and benefits, its nationwide organization, its enthusiasm and efforts to provide the very best in Life and Health insurance protection. Recent achievements reflect this thinking. During 1960, Girardian passed its \$100,000,000.00 mark of business in force, and finished the year with a 28.11% increase in its paid production over that of 1959. Last year also saw the Company licensed to operate in its 42nd state . . . a distinction held by less than 5% of all insurance companies in the nation! Our continuing growth means opportunity for the man seeking sales success. Is he you?

"BIG ENOUGH TO COUNT, INTERESTED ENOUGH TO CARE."

GIRARDIAN INSURANCE COMPANY

P. O. BOX 5297 / DALLAS 22, TEXAS / MEMBER N.A.L.C.

NALC New Orleans Meeting Draws 300

(CONTINUED FROM PAGE 28)

the percentage of men ages 25 to 45 in ratio to the total population will be at an all-time low, while insurance sales will be at an all-time high, he said competition for manpower will become extremely keen, and recruiting costs, in turn, will automatically increase.

Mr. Skelton said, "When your investment department makes a loan of \$5,000, a committee meeting is held, papers reviewed, appraisals have been completed, the inspection is scrutinized, pictures have been made and the financial record of the borrower carefully checked. All of this is done, yet the possibility of loss on a secured loan would normally be a small percentage of the total and be an exceptional case if any loss should occur. Yet, we in agency management recruit men fully aware that to develop a full time successful salesman, we make an unsecured investment far exceeding the amount of the loan which was carefully inspected by the investment division."

Quotes LIAMA Study

He quoted a LIAMA study which found that one man surviving three years costs the average company \$18,000. Thus, Mr. Skelton said, it is becoming more important each day that companies recruit only the best qualified candidates. These, however, are few and far between and the competition for their talents may become so intense that company financing may far exceed what good business judgment should dictate.

One of the first mistakes agency managers make when they are recruiting men is that they do not find out what the individual's financial goals and objectives are, Mr. Armour said in his discussion of recruiting bonuses paid as an additional compensation to attract new men. Every man is not primarily looking for money; let's not put money at the top of everything, he stated, recommending that a company stay out of the bonus area.

Stock options have proved very successful as a recruiting bonus for stock companies. There are many types of options: probably one of the better types is a restricted employee stock option which places the individual holder in an enviable position for capital

gains, thus avoiding much tax liability. Such an option could be issued over a five year period to be exercised at the rate of one fifth per year, or the entire option could be exercised at the end of the five year period. If the company is doing a good volume of business and has an enthusiastic field force, an option of this nature could more or less marry a good man to your company if so desired.

The cost per share of the option could be fixed by the current book or market value at the time the option is delivered. It is wise to spread the option over at least a five year period and have the receiver at least with the company for one year before being considered for an option and told so during the hiring interview.

Many young companies have been hurt through contracts made that have large overriding payments on the total business produced. If the loading of the contract will bear the burden without exceeding 150% in first year acquisition cost, taking everything into consideration, the plan is probably on safe ground. If the bonus overriding brings the company from 170% to 200% first year acquisition cost, the plan will surely become a burden. Any change of system hurts morale and the over-all agency picture when bonuses are reduced.

The "bonus baby" type is similar to the plan followed in signing up a talented young ball player. Several companies are hiring good men with experience in such a system. A contract of this type offered the agent \$3,000 per year over a three year period, no strings attached, to be paid on Jan. 1 of each year of his association and that of his agency with the company. Actuarially, the bonus will probably be as well received company-wise as the trial and error methods of hiring and in the long run will probably prove less expensive than many methods used such as the incentive advance, the draw, and other similar systems. Companies using this type of plan enjoy a large investment portfolio and do not have surplus problems of any kind.

The bonus system will probably be around along time. The cost of a trained, good man over a five year

Best Wishes
to
N. A. L. C.

from
Going and Growing

**Loyal American Life
Insurance Company**

Mobile, Alabama

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period averages about \$25,000; if bought for \$9,000, the arithmetic is good.

Training is a most important bonus, and a concise training program should be available to the new man.

Vested renewals paid to new agents who have been screened is a recruiting bonus and some companies offer it under the theory that the renewals are earned at the time the business is written; others require a three year association or at least a million dollars of permanent business in force prior to offering vested renewals.

Regardless of type, bonuses should be based on production with incentives for persistency, recruiting, and so on. A bonus not earned will not help anyone, but a bonus and a pat on the back where credit is due will work magic, Mr. Armour declared.

Two Way Line

Good communications between the home office agency department and the field are a requirement for effective sales supervision, Mr. Wells said. Good communications must be a two way line and home office communications must be clear, concise, and complete.

The home office sales process must be prepared carefully as it urges its men in the field to prepare for their selling so that a clear picture is presented.

Mr. Wells asked if an agency director ever had the experience of having a nice visit with his agency manager, only to receive his resignation four days later. Agency directors should ask themselves whether they are guilty of having their managers tell them only "what they think we want to hear." The agency director should have a sincere discussion of the problems and tell the manager of the plans the company has.

Field management is but one step removed from the rate book carrier. A letter from an agent should be given prompt and careful attention; if an answer cannot be given immediately, the agent's letter should be acknowledged and he should be told what has been done with it. All agents' correspondence should be considered important and answered promptly, he emphasized.

Advantages and disadvantages of branch office versus general agency operation were concisely summarized by Mr. Zachary. Variations of all types occur, incorporating features of both. It is advantageous for a small company to operate on a general agency type plan because the general agent must show some production before he is compensated and it is easier for the company to determine the cost of operation, he said. It is impossible to suggest which is the more lucrative.

Need Pre-Contract Training

Pre-contract training is an advance selection device which provides an excellent answer to the problems of recruiting and agency turnover, Mr. Shorrock stated. It fits in nicely with a prospective agent who is looking for a chance to better himself financially and who already is employed. This kind of training works well when the company has a package or special policy sales program. It doesn't work a financial hardship on the applicant. The agent is trained to get sales within his first week. Outstanding results can be obtained when the company has a recorded sales track which the agent can follow over and over again.

A liberal financing plan reduces turnover initially, but the day of reckoning finally comes.

The agent under pre-contract train-

ing receives a nominal salary of \$200 or \$300 and is required to make a definite number of calls and interviews. Only when he exceeds the objectives set for him does he receive an increase. He is judged by the yardstick of submitted business each week.

The most important feature of this plan is that the manager is in complete control. The manager must control the agent's activity on a day to day basis. A supervisor or manager can control only from five to eight men, he stated.

Aptitude and psychological tests show what type of recruits are likely to become successful, but only one out of a hundred can make the grade. Broader selection is needed, with sound training and supervision for the new man. It is important to create a climate in which the agent feels he can't afford to drop behind, he asserted.

We as agency men know insurance has to be sold. The prospect wants to buy a new car and does so today. He knows he needs life insurance, but he buys it tomorrow. Developing a sales force to do the job is not easy.

Peyton I. Lingle, vice-president and director of ordinary agencies of Coastal States Life, in his part of the agency problems panel, discussed the question of when the advance to a commissioned agent or general agent should be discontinued and changed to a straight commission arrangement. Mr. Lingle summed it up by saying that he felt that either the agent or general agent should be placed on straight commission at the earliest possible moment. From an actuarial standpoint and perhaps from a practical standpoint, the switch should be made by the end of some two years, if the agent has survived to that point.

Agents who are full of promises but few sales should be switched as soon as the agency department is convinced they are trying to sell their superiors instead of the buying public, he said.

Mr. Lingle said success with an agent



American Equity Life Insurance Company

Formerly

Southern Colonial Life Insurance Company

A traditional Southern institution that is growing and expanding with the nation.

We are recent purchasers of the Hotel Columbia, Columbia, South Carolina and you are cordially invited to utilize our facilities while visiting the Southeast.

MEMBER N.A.L.C.

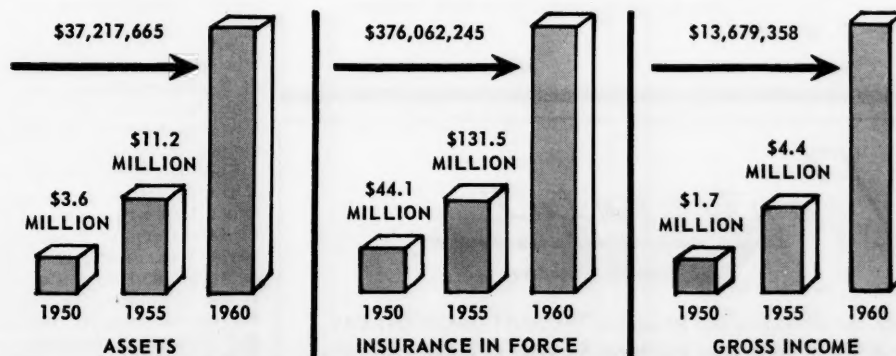
T. H. RIMES, PRESIDENT

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"... The company that TRIPLES in size every 5 years ..."

That's the way many people describe Coastal . . . and with good reason. During the five years between 1950 and 1955, Coastal TRIPLED IN SIZE.

And during the next five years (1955 - 1960), Coastal again TRIPLED IN SIZE.



We're now on our way toward becoming a Billion Dollar company. Would you care to join us? We have General Agencies available in 17 states. Drop us a line for complete details.

COASTAL STATES LIFE INSURANCE COMPANY

ATLANTA 9, GEORGIA

by the end of the two-year period depends upon being careful about the amount of advance established for an agent, supervising his activities very closely and making advances as far as can be determined on quality business only.

At the luncheon on Thursday, C. V. Schaumann, associate manager of the bank and insurance division of Standard & Poor's, discussed current investment problems of life companies, reviewing the markets in bonds, preferred and common stocks, real estate, mortgages, Treasury bonds and

various tax-exempt obligations.

A level plateau of economic activity, with the finest year for life insurance we have ever known, was predicted for 1961 by Albert Rains, congressman from Alabama, chairman of the banking and currency committee, in his address at the banquet. This prediction is based, of course, on the assumption that the Berlin crisis will not result in a war.

Mr. Rains does not believe that there will be a war, but he said the country is in a more precarious condition than in 1941. It is doubtful in that we occu-



GROWING
BY LEAPS
AND
BOUNDS

STATE LIFE OF ILLINOIS

SPRINGFIELD, ILLINOIS

Rabbits may appear a bit facetious, but it's about as good a comparison as we can think of for the way we have multiplied in friends and boosters. Since our origin 30 months ago, we have written over \$65 million of business in the State of Illinois. This phenomenal growth is due to the tremendous loyalty shown by the many friends of the Company, its "Partners in Progress" and its ever growing field force of career agents.

Thanks again to all our friends and supporters throughout the great State of Illinois and we wish to pledge ourselves to even better and faster service in the years to come.

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First Pyramid Life proudly acknowledges the achievements of its agency field forces for having tripled our growth during the past decade and for having made 1960 our greatest year.

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The Company that developed and introduced THE MOST IMPORTANT DAY OF ALL which tells in living color and sound the story of SPECIAL EXPANSION CONTRACT.

The Investment Returns—tax free Benefits—Positive Guarantees—flexibility and other top-selling features of this contract create a Sales Adventure into—

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Frank Basbaum, Executive Vice-President

SUnset 7-6948

Tells Approaches To A&S Coverage For Aged

(CONTINUED FROM PAGE 29)

over age 65 with some form of health insurance.

First a plan written by some companies on a statewide enrollment basis offering hospital care benefits up

py the high place in power and strength that we should.

Mr. Rains said the American people have come to life and realize the danger which confronts the nations. Congress has voted an extra \$3 billion for defense. Communism will not take over, but "we must have unity and determination" to deal with the crisis which confronts us. Mr. Rains is a director of Pioneer Life & Casualty.

Five workshop sessions held for the first time proved to be such a hit that they will probably become a regular part of future programs. J. R. Cissna, president and chairman Federal Old Line Life, did an excellent job as general chairman. The individual chairmen, who conducted well-attended sessions, were Conrad Anderson, vice-president and director of agencies Guaranty Savings, conservation; Michael H. Levy, president Standard Security, N.Y., internal organization; K. W. Gillis, public relations director Washington Life, handling agents; J. B. Baumann, Baumann Associates, Houston, stockholders relations, and Doyle H. Baird, president National Western, special policies.

Not Familiar With Problems

Reporting for the tax committee, J. W. Perry, Western & Southern, chairman, said that legislators are not familiar with the problems facing life insurance companies. He urged members to keep in touch with them and acquaint them with the issues involved.

C. C. Yost, Union Bankers, chairman of the A&H committee, expressed concern with hospitalization overinsurance. Hospital policies should have a compulsory proration clause similar to a fire insurance policy so it will not be possible for an insured to collect for more than his actual loss.

Ellis Arnall, Coastal States, chairman, reporting for the directors, stated that one of the most effective ways of eliminating little business is through taxation. The smaller companies must fight for their continued existence.

The 1962 meeting is scheduled to coincide with some of the major events of the world exposition in Seattle next year, and will be held July 18-21. Convention headquarters are the Olympia Hotel.

NALC committees will hold their winter conference Dec. 5-6 in Dallas, at Sheraton-Dallas hotel, at a time when many will be in that city for the National Assn. of Insurance Commissioners meeting.

Special events for the ladies at the NALC meeting included a luncheon and a tour of historic spots, sponsored by Elba Corp. of Boulder, Colo., and a bayou trip, arranged by Security Life & Accident. Life & Casualty was host at the President's reception, preceding the annual banquet. Republic National and Western & Southern were luncheon hosts the first two days of the meeting.

The closing session featured a panel discussion by insurance commissioners of questions submitted by the audience on "Your Company and State Regulations." Commissioner T. Nelson Parker Virginia, NAIC president, was moderator, assisted by commissioners Sam N. Beery, Colorado; Harvey G. Combs, Arkansas; Joseph S. Gerber, Illinois, and Rufus D. Hayes, Louisiana.

to \$10 a day room and board, with a maximum of 31 to 60 days of coverage. Extra benefits are provided to help pay other miscellaneous hospital expenses. There is no limitation because of present or past physical condition of the applicant, nor is there an age limit.

The protection of these plans cannot be terminated for an individual policyholder, but may be adjusted for residents of a state as a whole. The same is true of premium charges. Only a small number of companies are writing this particular plan and rates are somewhat consistent with approximately \$78 being charged for \$10 per day, with a 31-day limit and \$200 surgical schedule as compared with \$102 per year for \$10 a day with 60-day

STATE MUTUAL Insurance Company

has some good territory still available for

GENERAL AND/OR DISTRICT AGENTS

in
**ALABAMA
GEORGIA
FLORIDA
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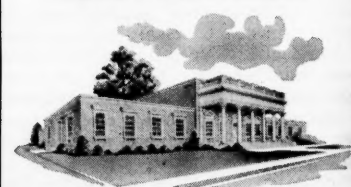
To the qualified man we offer what we believe is an exceptionally fine opportunity to develop and grow with the Company—now observing its

25TH ANNIVERSARY

as a well known, agency-minded Mutual Legal Reserve Life Insurance institution.

IF YOU are looking to the future, interested in personal progress, permanency and a successful career

Write or Call
JAMES E. WELLS,
Agency Vice-President



Greetings & Best
Wishes for the Continued
Success of the
NALC

HAMILTON NATIONAL LIFE INSURANCE CO.

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hospital coverage and a surgical schedule of \$225. In the latter case miscellaneous extras are on a basis of 80% of charges above \$100 to a maximum of \$1000.

Association Group

The second plan being offered is an association group-type approach. A membership fee of \$2 is charged which allows the individual to purchase health insurance providing \$10 per day room and board for a maximum 31-day period; 50% of miscellaneous hospital fees are paid up to \$125, and surgical benefits up to \$200 are also provided. There is usually a 12-month waiting period before benefits of the plan begin for any condition for which the insured person was hospitalized in the year immediately preceding plan membership. The charge for this particular plan is \$72 per year and additional benefits toward doctor calls, home nursing and extended hospitalization periods are available on an optional basis for an additional premium of \$3 per month.

A third plan is an approach toward a guaranteed renewable hospital expense policy written on an individual basis. Although there is a rather wide variety of this type of plan offered, there does not seem to be too great consistency in premium charges. Typical rates for a \$10 daily room and board benefit for periods varying from 90 to 180 days, and with \$100 miscellaneous extras, range from \$58 per year to \$85 per year for a male risk. Bear in mind that under this plan, rates may be adjusted only by policyholder class.

The fourth general method used in offering individual and family hospital and surgical expense plans is guaranteed renewable insurance for the lifetime of the insured. Actually there are many companies offering this type of insurance. Many of the policies also have nominal deductible amounts before benefits under the policy begin. There are many, however, which have no requirement for a deductible. Here again daily room and board benefits from \$10 to \$25 a day may be ob-

tained. For a typical policy providing daily room and board benefit of \$10 with a duration stay of 60 days, and a surgical schedule of \$200, rates vary from a low of \$72 to a high of about \$94.

I believe these four plans offered by insurance companies cover the major portion of health insurance written on our senior citizens, exclusive of course of group insurance and Blue Cross and Blue Shield organizations.

In general, older persons have an increasing opportunity to select a health insurance policy best suited to individual needs and ability to pay from among plans spanning a broad range of coverage and benefit levels.

Small Profit, Break Even

In visiting with many company officials, I find that some believe it is impossible to write this group of citizens on a basis that would show a small profit or at least break even. Many other leaders in our industry feel that this business can be written on a basis that will at least break even for the company and feel that the industry as a whole should attempt in every way possible within its means to furnish our senior citizens with adequate hospital and medical expense care under our free enterprise system.

Up to this point my remarks have been primarily directed to hospital and medical care coverage. There is, of course, loss of time coverage to be considered. In general, this type coverage does not have the problems associated with hospital and medical care insurance. From an underwriting standpoint, I believe persons over age 65 can be given loss of time coverage within certain limits. Obviously the person must be employed for without that there is no monetary loss involved. Possibly the biggest single factor that should be considered in writing this type of coverage is the additional period of time required for recovery because of the advanced age I believe, however, that sufficient statistics are available so that premiums can be determined on a sound basis to take care of this one factor.



AMERICAN STANDARD Life Insurance Company

WM. HUNTER McLEAN, President

Capital and Surplus \$1,000,000.00

Endorsed by thousands... from every quarter of the globe



The fifty states, the District of Columbia, and three territories of the United States each house policy-holders of American Standard. From these and still others in foreign lands come funds seeking the security of American Standard guardianship. Such trust is no mere happenstance.

California and Texas general agency territories are available to life or hospitalization representatives. A full line of competitive policies available.

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SOUTHERN EQUITABLE LIFE INSURANCE COMPANY

ONE OF AMERICA'S FASTEST GROWING LIFE COMPANIES

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AT ITS ANNUAL MEETING 1961



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LOWELL E. CRUSE, PRESIDENT AND CHAIRMAN

All from Missouri National: Mr. & Mrs. D. H. Sthamer; Mr. & Mrs. L. J. Niman.



D. M. Siegel, Old Equity; John N. Singletary, Globe Life & Accident; Julian Newnan, Old Equity.

3 ways Lincoln Life's simplified Group Insurance can help your firm...

1. *Save time*
2. *Increase efficiency*
3. *Improve employee understanding*

1. Hours of valuable time are saved by a wonderfully fast, simple case-handling system developed by Lincoln Life. There's no poking through a catalog of instructions, searching for the form described, then matching the right form to the proper rules. Instead, Lincoln Life provides a neat, file-size case tabbed for all routine and unusual situations. Behind each tab are simple, easy-to-identify forms with instructions printed right on them. This turns a chore into an easy process, speeds case-handling greatly.

2. Efficiency is stepped up by Lincoln Life's unusual billing procedure that does away with complicated monthly reports. Instead of showing all employee names and classification numbers, with volumes and units of insurance for each, the administrator merely lists the employees added or terminated each month. He can

even include last-day changes. This system gives him a correct picture of the people covered and the costs involved at any time.

3. Employee understanding is improved by new streamlined pamphlets and forms developed by Lincoln Life. For example, the *entire group insurance proposal* has been condensed into a *single* sheet that is easy to read and grasp. The announcement pamphlet and employee certificate are combined in one simple, dual-purpose piece, available in all states except Massachusetts. These developments promote improved employee relations by helping employees understand their coverage.

Find out how these Lincoln Life ideas (and others) can help *your* firm. Telephone or write your nearby Lincoln Life agent for details.



In adopting the name of Abraham Lincoln, this company assumed the responsibility of measuring up to that great name—in character, integrity and thoughtful human service.

THE **Lincoln** Life
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Its name indicates its character

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